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Karadzic Yields Formal Powers

War Crimes Issue Sidestepped

By Michael Dobbs
Washington Post Service

BELGRADE — Under an agreement negotiated by the U.S. special envoy Richard C. Holbrooke, Radovan Karadzic formally stepped down Friday as leader of the Bosnian Serbs and announced that he was withdrawing "permanently from all political activities."

The Bosnian Serb decision, which came after hours of tough bargaining between Mr. Holbrooke and President Slobodan Milosevic of Serbia, enables the Clinton administration to claim that the way is now open for nationwide elections in Bosnia on Sept. 14. But it sidesteps demands by the international war crimes tribunal in The Hague for Mr. Karadzic's arrest and extradition on war crimes charges and makes no mention at all of the Bosnian Serb military leader, General Ratko

Mladic, who is also wanted for war crimes.

Mr. Holbrooke, the principal architect of last November's Dayton agreement putting an end to the 3½-year war in Bosnia, said that Mr. Karadzic's agreement to quit public life presented the United States and its allies with a chance to "revitalize the peace process." At the same time, however, he acknowledged that the statement fell significantly short of American goals, and that questions remain over Mr. Karadzic's ability to exercise power from behind the scenes.

"This is only a piece of paper," Mr. Holbrooke said. "Implementation is key."

Despite its imperfections, the document marks another negotiating coup for Mr. Holbrooke, who resigned as assistant secretary of state for Euro-



Questions remained about Mr. Karadzic's ability to wield power.

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'Possibility of Criminal Act,' Says U.S. Aviation Official

By Lawrence Malkin
International Herald Tribune

NEW YORK — As sonar located large sections of TWA Flight 800 on the Atlantic seabed, a top government aviation safety official said Friday that the fiery explosion and crash that killed 230 people could well have been "a criminal act."

Rain, wind, fog and heaving seas that sickened rescuers hampered efforts to

What clues would indicate a bombing? • Voids in Paris's musical life. • A list of the victims. Page 5.

recover the remains of victims and prevented divers from descending to the floor of the ocean to find the plane's two "black box" flight recorders.

Jet fuel rising from the depths led rescuers to the area where the plane hit the water and sonar equipment detected the wreckage more than 120 feet (37 meters) down.

"The possibility of a criminal act is a distinct one," Robert T. Francis, deputy chairman of the National Transportation Safety Board, said.

"There is very ample reason why the FBI is treating this as a potential crime scene," Governor George Pataki of New York said at the Long Island shoreline near the crash site.

James Kallstrom, assistant FBI director in New York, said the agency was "very confident we will know what happened, whether it is 24 hours or a week from now."

He said forensic scientists were examining debris for any streaks, residues and pitting that would indicate whether a bomb had blown the plane out of the sky.

If a terrorist explosion was the cause of the disaster, Mr. Kallstrom said, the United States would mobilize all resources to bring "these cowards" to justice.

Mr. Kallstrom said he was keeping an



Joann Callas comforting her mother, Sotiria, in New York on Friday. Mrs. Callas's son Dan J., 22, a TWA flight attendant, died in the crash.

open mind on the cause of the crash. "There are a lot of things that look like an accident, a lot of things that look like terrorism," he said. "At some point we are going to reach critical mass on a theory."

The president of TWA, Jeffrey H. Erickson, said mechanical failure was unlikely. "We have no indication of catastrophic mechanical failure," he said.

Divers prepared to search the ocean floor for the so-called black boxes containing data about the final instants of the flight that left New York's John F. Kennedy International Airport for Paris on Wednesday night.

The recorders would contain "sig-

natures and things," Mr. Francis told CNN, "that the folks in our labs in Washington are used to looking at that can give them some good indications of what happened."

At a closed briefing for congressional leaders in Washington, Louis J. Freeh, director of the Federal Bureau of Investigation, and James E. Hall, chairman of the safety board, outlined three possible causes for the crash — a catastrophic mechanical failure that ignited the plane's fuel tanks, a bomb on board or a missile.

The FBI meanwhile declared the dis-

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ASEAN Ignores West on Burma

A Gambit to Deflect China

By Michael Richardson
International Herald Tribune

JAKARTA — Despite Western concerns, the Association of Southeast Asian Nations will admit Burma as an observer at its annual meeting Saturday, partly to avoid isolating the country and pushing it into China's arms, analysts say.

The next step for Burma is expected to be full membership in ASEAN before the year 2000, as the association strives to strengthen regional unity.

In this context, ASEAN's members are determined to resist pressure from the United States, the European Union, Australia, Canada and Western human rights advocates to take a tougher stand on Burma, something the West sees as necessary to loosen the military's grip on power in Rangoon.

Invited to the last annual meeting of ASEAN foreign ministers as a guest, Burma this year is being accorded observer status along with Cambodia and Laos, preliminary to their becoming full members. ASEAN would then include all 10 countries in Southeast Asia.

China has provided extensive military and economic support to Burma, but in recent years the regime in Rangoon has also received growing investment, trade and political contacts from non-Communist Asian nations, especially Japan, Singapore, Thailand, Indonesia and Malaysia.

Although officials of ASEAN countries seldom talk publicly about the strategic game being played out over Burma, they say privately that Beijing may want greater influence in Burma as part of a long-term plan to become the dominant power in Asia.

One official said Beijing could "take advantage of Rangoon's isolation to satisfy its own regional power ambitions, particularly its desire to counter India in the Indian Ocean and the approaches to the South China Sea."

Four ASEAN countries — Vietnam, Malaysia, the Philippines and Brunei — have conflicting claims with China to ownership of all or part of the Spratly Islands, a widely scattered cluster of atolls and reefs that hold the key to control over nearby international sea lanes and rich reserves of oil and natural gas.

By refusing to take a harsher line on Burma, the analysts said, the association was avoiding any steps that could be seen as interfering in the internal affairs of a neighbor, something the group considers a dangerous precedent.

Most of ASEAN's existing members have separatist and human rights problems that could cause severe disruption to the group if they were made an open issue. ASEAN's members are Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Secretary of State Warren M. Christopher has said that in meetings with



Daw Aung San Suu Kyi attending rites in Rangoon for her dead father.

A Twist in the Metallgesellschaft Saga

By Alan Friedman
International Herald Tribune

PARIS — In a remarkable about-face in one of Europe's longest-running corporate disputes, Metallgesellschaft, the German industrial conglomerate, is preparing to make a cash payment and withdraw all charges of wrongdoing against the former chief executive it fired two years ago after a \$1 billion oil trading scandal.

The scandal sent shock waves through the oil futures market, brought huge embarrassment to Europe's most powerful bank, Deutsche Bank, and fueled criticism of the extensive network of shareholdings in industrial companies by big German banks.

On Saturday in Frankfurt, members of Metallgesellschaft's supervisory

board will be asked to approve an out-of-court settlement that absolves Heinz Schimmelbusch, who was dismissed in late 1993 as chief executive. He was blamed for the oil-related losses in New York by Ronald Schmitz, a Deutsche Bank board member who is chairman of Metallgesellschaft's supervisory board.

Deutsche Bank, a creditor of the company that also owns 16.5 percent of it, subsequently pressured a number of reluctant European bank lenders into a \$2 billion rescue of Metallgesellschaft, and Mr. Schmitz then launched an unusually public and vitriolic attack on Mr. Schimmelbusch.

But now, Metallgesellschaft is bearing a diplomatic retreat, its officials saying privately that it wants to put the embarrassing incident behind it.

A source close to Metallgesellschaft

noted that the agreement was encouraged by the fact that an arbitration panel in New York recently ruled that a former oil trader for the company had been fired "with cause" but that Mr. Schimmelbusch had not been involved in the dealings.

A Metallgesellschaft spokesman said Mr. Schmitz could not be reached for comment Friday, but one company insider who requested anonymity explained the turnaround this way: "Mr. Schmitz sees this as the right decision for Metallgesellschaft. The company needs peace and quiet, and needs to get rid of this sword of Damocles that has been hanging over its head now for more than two years."

The Metallgesellschaft spokesman.

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Atlanta Honors Those Who Are There and the Man Who Isn't

By Ian Thomsen
International Herald Tribune

ATLANTA — Where would he have been seated?

Atlanta was counting down the hours to the greatest night of its young, bickering life. The Opening Ceremony of the Centennial Olympic Games was to begin at dusk Friday, followed 31 minutes later by the military entrance of President Bill Clinton to his seat among the dignitaries and overseers of the world's grandest festival — an altogether historic debutante's ball for the New South.

The Reverend Dr. Martin Luther King Jr.

would have been 67 years old. Today he is more important surely, than any of the living celebrated in the Olympic Stadium. What would have been his role if not for the assassin's bullet 28 years ago? Would the Olympics have come to Atlanta?

Would Bill Clinton even have become the American president?

King was born in a two-story, Queen Anne-style house at 501 Auburn Avenue in Atlanta. On Thursday it was a museum, as it has been for years, with corded barriers in the doorways and a National Park ranger smiling pleasant greetings at the front gate. Inside are the high-ceilinged rooms and the original high-



backed piano, the baseball mitt on his childhood bed and the family's lone portrait, in a frame just bigger than your hand, of the 9-year-old M. L. (as he was known then) in his suit with short pants and hooped socks. But more stirring than all these was the welcome breath of air conditioning. A luxury the museum enjoys that King and his family never did. The house was more comfortable as a museum than it was for the inhabitants who made it famous. On Friday, just before midnight, the image of Martin Luther King Jr. was to be beamed onto a screen of 9,100 cards held up by Atlantans in the Olympic Stadium. His voice was to fill the night. The same forces that

could muster such economic might for a ceremony of peace were the very same against which he marched and fought so long ago. Those empowered to do something about it will have arrived at the Olympic Stadium in limousines. He became famous, first of all, for refusing to ride a segregated bus.

If he could have swung by on his way to the opening ceremony, King would not have recognized the avenue. The African-Americans who began moving in around 1910 called the neighborhood "Sweet Auburn," because it hinted at self-empowerment and liberation. After he

See GAMES, Page 18

A Moveable Beast

Dutch Town Adopts a No-Ewe-Turn Policy

By Jonathan C. Randal
Washington Post Service

CULEMBORG, Netherlands — Something revolutionary in environmental protection is afoot — literally — in this prosperous city in central Holland. Six sheep have been recruited as unofficial traffic wardens to slow the rush-hour commuter traffic that speeds through town to and from the nearby metropolis of Utrecht, where many local people work.

The idea of using sheep as speed bumps is the brainchild of Henk-Jan Kievit, 33, the city's sometimes pious but always pragmatic head of maintenance. He says the plan is moving ahead slowly to prove to local doubters that everything is "sheep-

shape." Mr. Kievit admits that he dreamed up the project as a lark. But then Mr. Kievit — a conservationist whose first job involved protecting butterflies — reasoned that speeding cars endangered small children and that sheep had "about as much traffic sense as a 6-year-old boy or girl." So, he concluded, with all due respect for the sheep, why not put them, rather than children, in harm's way?

The project was easily approved last month by the City Council, which has used 45 other sheep and 12 cows to replace power mowers in municipally owned meadows and lawns.

Mr. Kievit has started a pilot segment of the sheep-patrol program in a

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JACK'S BACK — Jack Nicklaus lining up a putt Friday at the British Open. He shot 66. Page 17.

AGENDA

Guilty Verdict In Hijack Case

WASHINGTON (Reuters) —

Omar Mohammed Ali Rezaq, a Lebanese-born Palestinian, was found guilty Friday in a U.S. federal court of the 1985 hijacking of an Egypt Air jet in which 58 people died.

Mr. Rezaq, 38, will be sentenced Oct. 7. He could face life in prison for the hijacking, during which he shot five people in the head, two of whom died. Most of the victims died when Egyptian commandos stormed the plane in Malta.

During the four-week trial, Mr. Rezaq admitted that he committed the hijacking and shot the passengers. But his attorney argued for a not guilty verdict by reason of insanity.

Dow Jones	Trib Index
Down 37.38	Up 0.29%
5428.02	134.96
The Dollar	Pl. close
New York	1.4871
DM	1.4871
Pound	1.5453
Yen	107.808
FF	5.0388

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Saudi Arabia 1.100 CFA
South Africa 1.100 CFA
Spain 1.100 CFA
Sweden 1.100 CFA
Switzerland 1.100 CFA
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Turkey 1.100 CFA
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POLITICAL NOTES

EDITORIALS/OPINION

Herald Tribune

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The Flight 800 Disaster

No Easy Answers

It had been a perfect summer day, and some vacationers still were on the beaches of New York's Long Island on Wednesday evening, enjoying the breeze and the sound of the surf when the fireball appeared in the sky. Almost immediately, witnesses report, the nature of a terrible event became clear. A plane bound for Paris had exploded in the sky a few miles off the shore, falling into the sea with 212 passengers and 18 crew. By morning, a formidable army of searchers, would-be rescuers, investigators and citizens simply wanting to help had gathered. At midday Thursday, half the bodies had been recovered as well as pieces of the aircraft and a heartbreaking collection of personal belongings of the victims.

Americans, all too well-versed in the technology of air crash investigations, hope TWA 800's black boxes will provide answers — as if there could really be some explanation that will be reassuring — or at least some pinpointing of a mistake or failure that cannot be recalled but that can be corrected and made never again to recur.

President Bill Clinton and other officials were at pains to urge caution in assessing blame. But witnesses' accounts that there was an explosion could not fail to give rise to fears of

terrorism and bombs. These concerns were exacerbated because of the Olympic Games, a grimly proven venue of terrorist display. But there is no evidence now for blaming unnamed terrorists — foreign or domestic — for this disaster. President Clinton's reminder of the false rush to implicate foreigners in the hours immediately after the Oklahoma City bombing was to the point.

For the families of the victims, no technical explanation or criminal prosecution, if there is one, will ease pain or provide comforting answers. Families find solace in different ways: through strong religious faith, the support of friends and loved ones and — this is a growing phenomenon — the consolation of strangers around the world, connected through a variety of media and sharing their grief.

Amid hundreds of poignant stories arising out of this event, perhaps none is more devastating than that of the small community of Montoursville, Pennsylvania. Five adult chaperones and 16 high school students who had worked and saved for two years to pay for a trip to France were killed just as their adventure was beginning. It is hard to believe that any human being, no matter what his cause or calling, could have planned to cause such pain.

—THE WASHINGTON POST.

Rising Anxiety

The explosion of a Paris-bound TWA jumbo jet minutes after taking off from Kennedy Airport has stunned the world and raised the anxiety level of virtually all those who use the airlines. At this point, investigators have no firm idea exactly what sent the plane plunging in a fiery descent into the waters off Long Island, taking 230 lives.

Some investigators think the most likely explanation was a terrorist or criminal bombing, a scenario apt to strike deep fear in the public. That possibility is the basis for the swarms of FBI and other federal agents at the crash site. But the crash might still turn out to have been an accident, a catastrophic failure of the aircraft or even a midair collision with an undetected small plane. Those possibilities are the basis for the National Transportation Safety Board's role as the inquiry's leading agency.

President Bill Clinton struck just the right note in cautioning against premature speculation about the cause of the crash. He aptly recalled that when

the federal building in Oklahoma City was bombed last year the immediate conclusion drawn by most people was that foreign terrorists were the culprits, whereas the suspects ultimately seized were Americans. If this crash is traced to a bomb, it will be time then to determine who set it off, and why.

The crash comes at a period of rising anxiety over both airline safety and terrorist attacks. The crashes of a ValuJet commercial aircraft in May and of the Air Force plane carrying Secretary of Commerce Ronald Brown and 34 others in Croatia in April raised concerns about the adequacy of both civilian and military safety regulation. Meanwhile, anxiety over possible terrorism was fanned by the truck bombing that killed 19 American airmen in Saudi Arabia last month and is reflected in the heightened security at the Olympic Games in Atlanta.

Even if no bomb is ultimately tied to the crash, the possibility that an explosive device can be hidden in baggage requires officials to check and recheck their security procedures, especially when a flight like TWA 800 makes stops in several countries.

—THE NEW YORK TIMES.

Clinton's Compromise

Faced with reprisals by the European Union, Canada, and Mexico, President Bill Clinton chose to retreat from enforcing the most onerous section of the Helms-Burton Act, which imposes new sanctions against Cuba. He could have waived the section, known as Title III, for six months. Title III says that any foreigner who "traffics" in American property seized by Cuba will be judged as causing damage to former owners, including Cubans who have since become American citizens.

He did not waive Title III. What he did do was suspend the right to sue foreigners for damages in American courts for six months — until Feb. 1, well after American elections. Under this compromise, conducted by the administration's legal wizards, the president has embraced a principle dear to Cuban-American hard-liners while blunting its enforcement.

Still, judging by the initial reaction, Mr. Clinton's face-both-ways maneuver is merely feeding the dispute it was supposed to quell. Europeans, Canadians and Mexicans view Helms-Burton as an effort to enforce an American embargo against Cuba that enjoys virtually no international support.

These other countries are especially affronted by a provision barring foreigners and their families from entering America if an adult member has "trafficked" in property confiscated by Cuba. In retaliation, the European Union approved a range of countermeasures, including requiring visas for American business travelers.

Mr. Clinton insists that isolating and bludgeoning Cuba will hasten moves to democracy, a view shared by hard-line Cuban-Americans. But Europeans, Canadians and Mexicans ask why Cuban strategy differs so rad-

ically from the U.S. approach to other communist states. Trade and political engagement hastened the collapse of the Soviet empire, and Washington advocates a similar approach to China. Why now ill will and risk reprisals over a bill that even the administration only half-heartedly defends?

—THE NEW YORK TIMES.

Other Comment

Drifting in Russia

Until a new government is in place, Russia is in danger of drifting. Vladimir Lukin, the ineffectual overseer of the economy, should be replaced by someone more committed to reform. Several old cronies, such as Alexander Korzhakov, President Boris Yeltsin's chief bodyguard, are still lurking in the Kremlin, despite having been formally dismissed.

And events are not standing still. The war in Chechnya has, if anything, worsened since the election. The sooner Mr. Yeltsin can resume peace talks and let the Chechens secede (if that is what they clearly want to do), the better. On this, and on other matters, the Communist-infested lower house of Parliament may make trouble. The president might be able to reduce that risk by threatening to dissolve it and call yet another election. So far, however, he has said nothing.

In other words, Mr. Yeltsin must take charge. He has an unambiguous mandate, but not the unambiguous ability to use it. He owes it to everyone to provide some honesty about his health and some clarity about his government.

—The Economist, London.

Let's Fight Terrorism, Not Vanished Enemies

By Jessica Stern

WASHINGTON — Americans are increasingly afraid of major acts of terrorism. They are especially fearful of weapons of mass destruction. Yet programs to combat this threat have received little attention and even less financing in the U.S. Congress.

Such programs represent a tiny fraction of the military budget, much of which goes to old Cold War programs. Even the national ballistic missile defense system proposed in the Defense America Act would have little or no immediate effect on this threat: Were terrorists to use a bomb, it would probably be a very crude one, delivered by van or ship rather than by ballistic missile.

There is no question that people are right to be afraid. Constraints against terrorists' use of weapons of mass

The threat is real, but the U.S. ignores it.

destruction continue to erode. Crude designs for nuclear, chemical, and biological weapons are increasingly available in books and on the Internet. Nuclear and chemical weapons components are leaking from poorly guarded installations in the former Soviet Union.

Closer to the United States, extremists and cults are experimenting with weapons of mass destruction. In the past year and a half, extremists are said to have planned to use the toxic biological agent ricin, and, in a separate incident, radiological materials, to kill tax and other federal officials. And a white supremacist was convicted in connection with the purchase of three vials of freeze-dried bubonic plague.

Cults are expected to become more violent in the next few years. Japan's Aum Shinrikyo, prosecutors say, broke the taboo against weapons of mass destruction when it used sarin, a lethal chemical agent, on the Tokyo subway in March 1995. This incident, the first wide-scale terrorist use of chemical agents, killed 12 and injured thousands, sending more than 600 people to hospitals for at least a night.

How well prepared is the U.S. government to meet these dangers? Not very. Spending on the Cooperative Threat Reduction Program, which seeks to dismantle Soviet weapons of mass destruction, is about \$300 mil-

lion, little more than a tenth of one percent of the total defense budget for fiscal year 1996. And the Department of Energy was allocated less than \$100 million to help Russia improve its safeguarding of material that can be used for weapons.

A convincing inventory of nuclear materials has yet to be taken in Russia, and the inventory system for warheads is still not up to par. With respect to nuclear material, a Russian Security Council official has said that as much as 10 percent of inventory was hidden away during the Soviet period to be prepared to meet five-year plans. Now the Russian government has no idea where that hidden inventory is.

Warheads, according to another Russian official, are still counted "with the fingers" rather than with a computerized inventory system. Seals are removed for taking inventory, but only to assess the electronic equipment inside the warhead, not to verify the presence of nuclear material. One could easily replace a warhead with an "imitator" and the substitution would not be noticed for many months because the seals are of poor quality and can be

falsified. The Russian government has requested U.S. assistance in securing and accounting for nuclear materials, but the response has been limited by inadequate financing.

While the Energy Department maintains a nuclear emergency search team trained to disable terrorist nuclear devices, the program is underfunded and understaffed. With the reduced demand for nuclear weapons expertise, the pool of scientists capable of disabling weapons is decreasing. Exercises have revealed some weaknesses, including contradictory priorities among the agencies involved. More regular exercises are clearly necessary, and additional money will be required for them. Moreover, there are no domestically deployed rapid response teams capable of defending against chemical and biological threats.

The situation at the local level is even more grave. Simply put, local emergency response personnel are not prepared. Few emergency personnel are trained even to recognize the effects of chemical-weapons poisoning. Hospitals are not equipped to decontaminate victims.

Were an incident like that in the Tokyo subway to occur in the United States, many lives would be lost need-

lessly because of lack of government preparation.

An amendment to the defense authorization bill, written by Senators Sam Nunn, Richard G. Lugar and Pete V. Domenici, would make important strides toward correcting these deficiencies. It would:

- Add \$235 million to programs to meet the threat of nuclear, chemical and biological terrorism.
- Provide funds for improving border controls and customs, both in the former Soviet Union, and in the United States.
- Require the development of rapid response teams to disarm chemical and biological weapons, and improve the U.S. ability to disable the more likely types of terrorist nuclear bombs — crude, jury-rigged devices made from stolen nuclear materials.

The measure has passed the Senate and is awaiting House action. Americans should urge Congress to demand these improvements and more. Anything less puts lives at stake.

The author, a former member of the National Security Council staff, wrote this comment for the Aspen Strategy Group. It was adapted by The Washington Post.

Aviation Security Must Be Revamped

By Morris D. Busby

ARLINGTON, Virginia — At this early stage in the investigation into the cause of the crash of TWA Flight 800 on Thursday night, it is premature to speculate whether it was a criminal act.

Unless large parts of the aircraft are unrecoverable, forensic experts will provide an answer to that question in a fairly short time.

But whatever the cause — a structural failure, a bomb or something else entirely — the current attention to the event and the heightened concerns are a chance to hold a crucial discussion about security in the air.

Expert after expert has said that it is virtually impossible to stop a well-trained criminal or professional terrorist who is determined to bomb an aircraft. That may be true. But the United States could certainly improve its often inadequate aviation security system.

The Federal Aviation Administration promulgates the minimum security

standards a company must meet in order to continue to operate, but those standards are often hotly contested, and it is the individual airlines that are responsible for aviation security.

Those security personnel manning the walk-through metal detectors and X-ray machines are employees of private companies hired by the airlines. The cost of security comes off the bottom line of airlines. If they can do it more cheaply, profits rise.

This is not to criticize any individual airline. The system itself is fundamentally flawed. Security should not be a commercial question dependent on a competitive market. It is a responsibility of government to protect its citizens.

As a start, the money mandated by Aviation Security Improvement Act of 1990 — money that is sitting unspent in

the Treasury — should be released. Development of adequate technology to defeat the threat of plastic explosives is long overdue. Hundreds of millions of dollars have been spent on detection technology, yet today only a single machine has met FAA minimum standards.

In 1988 the downing of Pan Am Flight 103 briefly focused the world's attention on the need for tighter security and produced some necessary changes in American aviation procedures — largely the result of the dedicated efforts of relatives of the victims.

But there is more to be done to revamp the aviation security system.

The writer is president of BGI Inc., an international consulting firm on security, a former ambassador to Colombia and ambassador-at-large for counterterrorism. He contributed this comment to The New York Times.

Why U.S. Isolation of Burma Might Not Serve Democracy

By Donald K. Emmerson

WASHINGTON — The latest challenge to American policy in Asia is the harassment of the democratic opposition in Burma by the ruling military regime.

The issue is likely to be one of the most contentious items on the agenda when foreign ministers of the Association of South East Asian Nations, or ASEAN, hold talks with their counterparts from the United States, Canada, Australia and the European Union in Jakarta after their annual meeting that starts this weekend.

The U.S. Congress is now considering legislation that would extend steps previously taken by the United States to isolate the Burmese economy. The most extreme version of this extension would have America declare an embargo on all trade with Burma and all investment there.

The Clinton administration clearly has reservations about such a move, especially given the likelihood that Burma's neighbors in Asia will refuse to take similar steps. These neighbors prefer to continue a policy of "constructive engagement" by using economic ties and political influence to nudge Burma toward greater openness.

So, as Congress considers the legislation, the question that must be asked is

this: What is the chance that the proposed United States' quarantining of Burma will succeed in democratizing the country?

Some may argue that the answer to this question is irrelevant, that the only thing that counts is the expression of American outrage, regardless of efficacy. If that is so, Congress should acknowledge that it is more important for America to feel good than to good.

This is not to suggest that no concrete measures be taken to communicate American anger to Rangoon, nor that nothing the United States could do would alleviate the plight of the democracy movement in Burma.

Nevertheless, the United States simply does not have the power to democratize Burma unilaterally. (The U.S. government could hurt the Burmese economy — in the short run — by, for example, demanding that two American companies, Unocal and Tetacoco, scale down or suspend their participation in projects to bring major natural gas fields in Burma into production.)

Several factors suggest that isolation may not be the best strategy for the United States. Among them are:

- The experience of other nations: Ja-

pan, for instance, decided to resume limited aid to Burma after the release a year ago of Daw Aung San Suu Kyi, the Nobel Peace Prize laureate and leader of the opposition National League for Democracy. That, coupled with Japanese willingness to meet and talk with Burmese leaders, may have given Tokyo some modest influence in Rangoon. By contrast, the U.S. Congress has been refusing to allow an American ambassador to be sent to Rangoon.

- U.S. policy toward other nations: Were Congress to consult ASEAN members on Burma policy, they would probably cite the logic of America's "constructive engagement" with China — that the best guarantee of democracy in Burma (or China) is its economic development and integration into the regional and world economy, not its ostracism.

- Burma's history: No other regime has shown itself more willing to disaffiliate and humiliate than Burma's military rulers. During the Cold War, Burma not only refused to align itself with East or West, it walked out of the non-aligned movement as well. That record suggests the present junta's invulnerability to isolationist tactics.

- Competing U.S. interests: The United States wants to curb the import of drugs. Previous steps to curtail Burmese-American relations have not kept Burma from becoming one of the world's leading sources of heroin. More than 60 percent of the heroin entering the United States is from Burma. At present, Congress refuses to permit even anti-narcotics aid to Burma. Relevant, too, are the regional security implications of possibly driving Burma into a closer military relationship with China.

An effort at across-the-board isolation of Burma by Congress would almost certainly have two flaws: it would fail to moderate the junta's behavior while depriving the United States of any remaining leverage it might have in Rangoon.

Whatever Congress decides to do, the issue of Burma raises yet again the need for America to encourage a common response to human rights violations in Southeast Asia. Whatever such a multi-country response may lack in moral fervor and sweeping scope, it may well make up for it in effectiveness.

The writer, a professor at the University of Wisconsin, Madison, contributed this comment to the International Herald Tribune.

Britain Ought to Jettison Its Failed Policy Toward Europe

By Jim Hoagland

WASHINGTON — What grave mistake ranks as the gravest British strategic error of the past half-century? Many would cite the failed Suez invasion of 1956, which ended the empire and endangered London's special relationship with Washington. But Sir Robin Renwick gives a more intriguing answer.

The original British decision not to join the European Common Market and to take an outsider stance when it did join "was a far more fatal error than Suez," the retired British ambassador to Washington writes in a new book. He explains:

"It enabled the European Community to develop as a continental system, with France dominating its institutions. Within Europe, for reasons of history, geography and economics, the Franco-German relationship will continue to be more important to both countries than the relationship with Britain is to either of them."

This judgment is stunning coming from this seasoned and serious diplomat, who retired last summer to write and become a banker in London. As ambassador to South Africa and the United States, he was a particular favorite of Margaret Thatcher, who frequently praised Sir Robin, in her own Lord Lady terms, by saying he was no diplomat at all.

His book underscores Lady Thatcher's point. Sir Robin says bluntly that Britain's traditional balance-of-power pol-

itics toward Europe, once used to stymie Napoleon and countless others, has failed and must be jettisoned. As things stand, the important decisions about Europe will be made by France and Germany, with Spain and Italy moderating them, and the British left to join in or hiss like a wet cat at what the others are doing.

This outcome was set in motion in March 1957, when six European nations signed the Treaty of Rome establishing the Common Market, an event Prime Minister Harold Macmillan did not even note in his detailed diaries. He was in Bermuda meeting President Dwight D. Eisenhower, still repairing the damage done by Suez and pumping new life into the special relationship that Washington and London established in World War II.

Mr. Macmillan took the view in 1943 that the British had to give up their own empire and become "the Greeks in the American empire," wisely guiding the powerful modern Romans, "great big vulgar, bustling people, more vigorous than we are."

"Fighting With Allies," Sir Robin's memoir, traces the origins and development of a diplomatic bonding that brought unrivaled cooperation in defense and intelligence matters between Washington and London. Now, Sir Robin argues persuasively, the British must

take a more realistic and modest view of their ties to Washington. He prefers to speak of "an especially close relationship" that is not unique.

This especially close relationship must change to stay the same. To continue to have a privileged position in Washington, Britain cannot afford to be marginalized in Europe. The Thatcherite Conservatives who have ripped Prime Minister John Major's admittedly ambivalent European policies to shreds on the altar of narrow English nationalism pose a false choice by pretending that London can choose Washington over Brussels.

The Market has grown to 15 member nations and become the European Union. This embryonic federation has begun, admittedly in highly tentative fashion, to forge unitary economic policies that will lead to a pan-European currency and a political identity.

It will never be a United States of Europe. The continent's three-dozen-plus nations are too culturally, politically and economically diverse for that. But this summer's pointless hissing fit in London over Europe's blocking of British beef exports because of "mad cow" disease demonstrates the validity of Sir Robin's fundamental point: Europe can no longer be handled by Washington or London, with a divide-and-rule strategy.

There appears little likelihood of Britain participating from the outset in a European currency union, but no British government is likely to exclude doing so later," he notes, adding that Americans harbor similar feelings: "The United States will remain profoundly ambivalent about European unity — in favor in principle but often disliking the practical manifestations."

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: Chinese Opinion

PARIS — [The Herald says in an Editorial:] After all that has been said of the danger to Europe of an eventual Chinese invasion, it is interesting to note that Li-Hung-Chang does not hold the same opinion as the German Emperor and others. The astute Chinese statesman said that the two worlds would gradually acquire a knowledge of one another and would exchange with their respective products their respective ideas of civilization. Their mutual differences, he was convinced, would gradually disappear, without any shock to humanity.

1921: Olympic Site

PARIS — A final decision on the site of the 1924 Olympic Games will be made by a special committee of twenty-four men, it was agreed yesterday [July 19] at a joint meeting of the

Paris Municipal Council and members of the French Olympic Committee. The special committee will hold a meeting next week to decide whether the games awarded to France will be held at the Pershing Stadium or in a new stadium to be built near the Porte de Versailles.

1946: Spanish War

MADRID — There were no demonstrations yesterday [July 18] on the tenth anniversary of the beginning of the Spanish civil war. In Barcelona, anti-government elements strewed the streets with pamphlets recalling "seven years of crime, disgrace, hunger and terror," but no arrests were made. The day was officially celebrated by the dedication of the reconstructed village of Brunete, near Madrid, scene of one of the bloodiest battles of the civil war. Generalissimo Franco conducted the opening ceremony.

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"Portrait of Manuel de Falla" (1924-25) by Dali.

When Music Plays With Art

By David Stevens
International Herald Tribune

BASEL, Switzerland — "Canto d'amore: Classicism and Modernism in Music and the Visual Arts 1914-1935" is the umbrella title of an absorbing exhibition at the Kunstmuseum that seeks to set up a dialogue between the two categories of art within the context of one of the most intensely productive periods of the century.

The love song of the title is borrowed for the occasion from one of Giorgio de Chirico's enigmatic "metaphysical" paintings. In this case, an Apollo mask, an empty rubber glove and a green globe float incongruously in a ghostly urban landscape. But the neoclassical backbone of this exhibition is supplied by Picasso and Stravinsky, sometimes jointly, as in the case of "Pulcinella," the ballet presented by Diaghilev in 1920, for which Picasso did the sets and costumes and Stravinsky supplied the music with songs, based on pieces by Pergolesi, or what were then thought to be by Pergolesi.

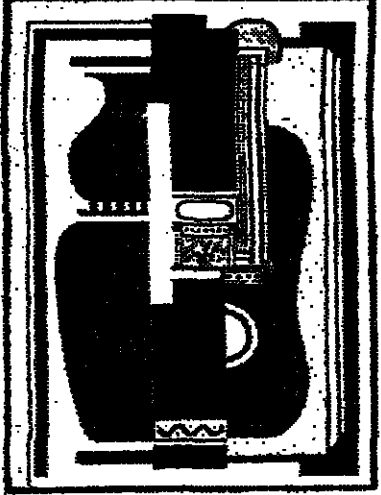
In his conversations with Robert Craft, Igor Stravinsky recalls spending a period in Naples with Picasso, where both were impressed by the commedia dell'arte performances and the Pulcinella, whom the composer described as a "great drunken lout," a description born out in Picasso's costume design.

The catch in an exhibition that tries to deal with the visual arts and music is that the former consists of works that can be hung on the wall or put on a pedestal, while music in a sense does not exist until it is heard.

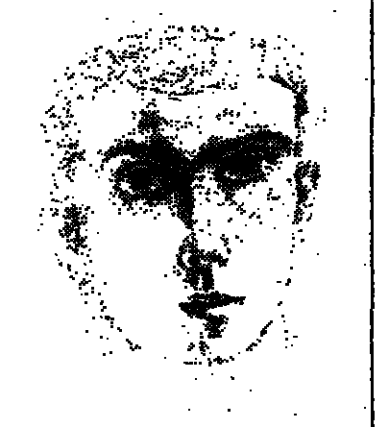
The visual element of the music resides in the scores, accompanied as they are here by preliminary sketches, and from which pleasure can be taken in the flowery and eccentric calligraphy of Erik Satie or the fastidious musical penmanship of a Stravinsky or Bartok.

Then there are portraits of composers and other musicians. Picasso's austere ones of Stravinsky and the conductor Ernest Ansermet are here, as is André Derain's of the choreographer Léonide Massine and Salvador Dalí's of the intensely shy Manuel de Falla, in which the composer's face is pushed to the edge of the frame, while a strange little stringless string instrument hovers in the center of the picture.

Many of the paintings include musical iconography, such as Jacques Lipchitz's bas relief "Still Life With Musical Instruments," Picasso's "Still Life With Guitar" or his painting of two male figures, one playing the panpipes. Then there are the artists who crossed boundaries, like Paul Klee, who was a skilled violinist, or Arnold Schoenberg, who took to painting at an important point in his musical life, although his Expressionist creations have no place here. Several of Klee's works are here, all pointillist from the early '30s, a period of crisis for him. One is called "Polyphony," but all of them are intensely musical in feeling and structure. There are also three rarely seen works by the choreographer-painter Oskar Schlemmer.



"Blue Guitar and Vase" (1926) by Fernand Léger.



"Portrait of Léonide Massine" (1919) by André Derain.

Y the juxtaposition of scores and paintings, the viewer is invited to draw parallels or find correspondences between, say, Fernand Léger's tubular figures and Arthur Honegger's solid musical structures, or between Piet Mondrian's rectilinear constructions and Anton Webern's miniaturism.

Picasso's harlequins and Italian women appear in several versions. Several works, such as the "Three Women at the Spring," are accompanied by their variants and preliminary sketches, and one room is filled with the 100 graphic works from the 1930s of the so-called "Vollard Suite," now in a Swiss private collection.

In one of the most popular rooms in the show, viewers can sit down for a while and listen to taped excerpts from the music represented in the display of scores.

The exhibition draws heavily on the Kunstmuseum's own resources and the music collections of the Paul Sacher Foundation of Basel. It runs through Aug. 11, and will not travel.

Portrait of the Artist: Degas as a Collector

LONDON — "Degas as a Collector" — why on earth did they not hit upon the wonderful idea before? Walking through this compact exhibition, on view at the National Gallery until Aug. 26, is like being taken into the private artistic thoughts of one of the greatest masters of the 19th century. Designed to

Souren Melikian

complement the main subject, "Degas Beyond Impressionism," the side show turns out to be the real novelty. It is gripping.

Artists are often assumed to be absorbed in their creation. But, lo and behold, Degas passionately loved the art of others, past and present.

Family background had its part in the feverish collecting in which the painter was engaged throughout a long life. In a remarkably well-documented series of essays published in magazine format to accompany the show, Ann Dumas points out that the artist's grandfather was a tireless art hunter.

In Naples, where Hilaire de Gas arrived as a refugee fleeing the French revolutionary fury unleashed on aristocrats, he surrounded himself with paintings, Empire furniture and silver gilt as soon as he had made enough money as a successful banker. His son Auguste, father of Edgar Degas, kept up the tradition, and what he saw left its imprint on young Degas.

In the pastel portrait of his sister Thérèse painted around 1869, a painting done in 1771 by Jean-Baptiste Perronneau is clearly visible on a wall. The portrait of "Madame Miron" is a searching psychological study of an ungainly middle-aged woman in her fiery, sullenly aloof and defensive. Turned three-quarters, she looks sideways at the viewer, as if distantly sizing him up.

This is a posture that Degas would later use in his own portraits.

The pastels by Maurice Quentin de La Tour owned by his father were to leave a more permanent mark on the painter's oeuvre. When still a young artist, Degas copied one of La Tour's portraits.

Later he would pay repeated visits to the Saint-Quentin museum in northern France to peer at its outstanding La Tour portraits. It is no coincidence if Degas was the only one among those who took part in the Impressionist shows to elevate

pastel drawing to a major art form. Little is known of the first collection put together by Degas.

The failure of the family bank put a temporary end to that collecting. When his father died in 1874, Degas decided to shoulder the debts of the business, although he was under no legal obligation to do so. In 1875 he sold the entire collection to the dealer Hector Brame. In the next 15 years, Degas had to be content with acquiring works that cost little — prints, drawings, Japanese woodcuts.

The modest buys already point to the choices he was to make in later years when acquiring the art of his contemporaries. In 1881, at the sale of the Edmond Duranty collection, the painter bought an impression of Manet's only color lithograph, "Polichinelle," and a study in soft graphite, toned with stumping by Adolph von Menzel.

Both have a timeless quality, the Menzel particularly. In spirit, it is not far removed from the Le Nain brothers.

Unable to buy much, Degas swapped, as do all collectors, except that in trading he used his own production. One can but marvel at the unfailing eye that chose gems from each one of his contemporaries.

From Mary Cassatt, the American friend who did so much to introduce the Impressionists to the East Coast establishment, he acquired "Young Girl Arranging Her Hair," now in the National Gallery in Washington. It is probably one of a very few among her paintings that can be claimed to be an absolute masterpiece, mercifully devoid of the soporific that bedevils her work.

THESE choices really asserted themselves once Degas was freed from financial worries. The 1890s turned into a feverish shopping spree. In 1895, at the Gauguin sale, Degas bought "Woman with a Mango," a brutally modernist with its harshly contrasted colors. Later, he got two van Goghs and negotiated from his dealer, Ambroise Vollard, the acquisition of Cézanne's "Bather With Outstretched Arms," now owned by Jasper Johns. Like the Gauguin, this is daringly avant-garde and yet classical in its sense of rigorous composition and in its sculptural feel.

Degas was haunted by the great past masters. "Saint Ildefonso" by El Greco became his. Painted in



"The Roman Campagna" by Jean-Baptiste-Camille Corot, which Degas bought for his collection.

shimmering color effects, with a vibrant swirl to its brushwork, it displays a curious affinity with some of the Cézannes Degas liked best.

Among the artists from the previous generation, Ingres was the one he admired most. In him, Degas sought the echo of the 16th and 17th century tradition. When the portrait of Monsieur de Norvins was for sale in 1898, Degas was so desperate to get it that he persuaded the dealer Haro, who was charging him a huge 7,700 francs, to be paid over two years. The chief of Napoleon's police in French-occupied Rome is painted with a sharpness well suited to the brutal expression. The portrait is worthy of a Florentine master's rendition of a condottiere.

It is in the drawings by Ingres, of which Degas ended up owning more than 80, that his search for the mastery of the past is most apparent. Ingres' study of a woman in the nude for the "Grande Odalisque," crisp and elongated, has a Mannerist touch that is suggestive of some Ecole de Fontainebleau artist.

Often Degas would acquire drawings that gave him insights into the working methods of past masters. In

a sheet of studies of arms and legs, Ingres wrote in pencil indications specifying the intensity that the shadows should have.

Buying art had in effect become an addiction. He lived frugally but kept browsing at the Hôtel Drouot and rummaging through shops accompanied by his friend, the engineer, amateur painter and collector Henri Rouart.

Like many collectors before and after him, Degas intended to keep his collection together after his death by setting it up as a museum. It was to be run privately — he loathed the civil servant mentality and officialdom in any guise. Eventually, he was deterred by the paperwork involved. The large bequest to the Musée du Luxembourg made by Gustave Caillebotte, the great patron of Impressionists, had turned into a real mess, and that further dissuaded Degas.

The collector's end was bitter. He had stopped painting. Almost blind, the ascetic aristocrat intolerant of fools passed away in 1917 as war was raging, amidst unfinished notes on his objects for a catalogue that was never written.

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Organized by the Fine Arts Museums of San Francisco and The Metropolitan Museum of Art in conjunction with the Staatliche Museen zu Berlin, Antikensammlung, Preussischer Kulturbesitz. The exhibition and catalogue have been funded in part by the National Endowment for the Arts, a Federal Agency.

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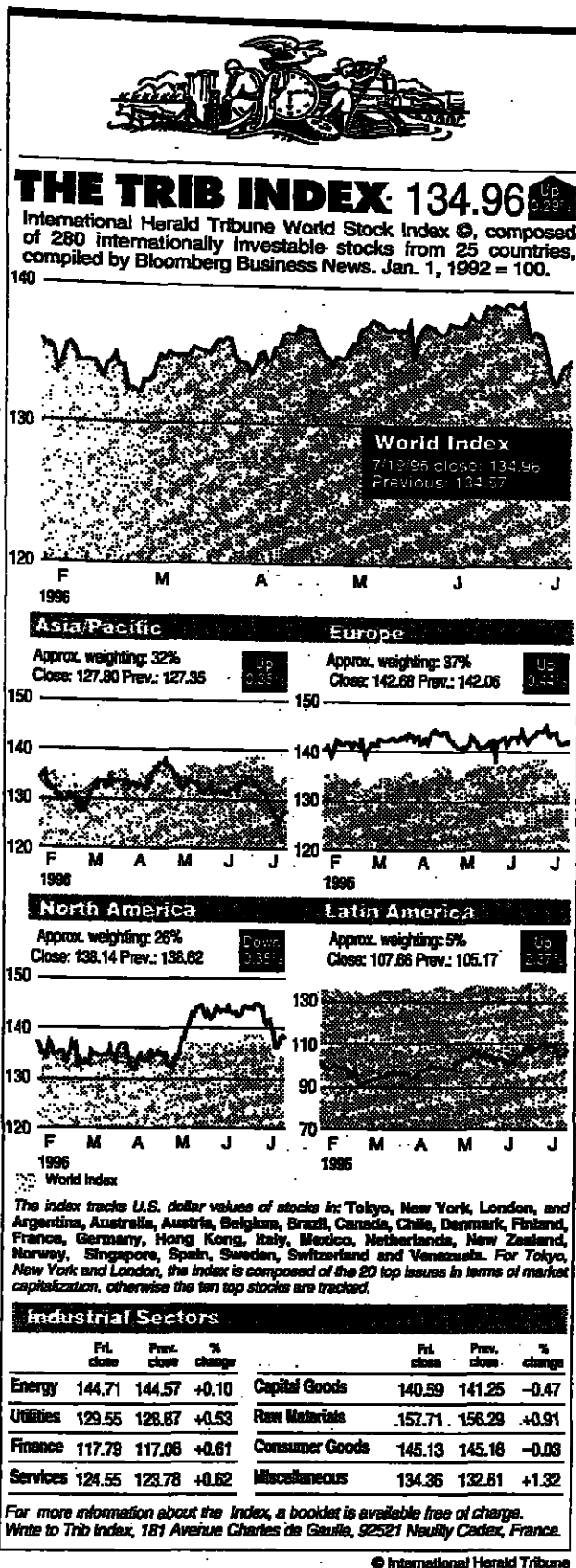
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Filling World Orders

Fiat, Ford and GM have very different strategies for designing and selling cars worldwide.



Sources: Automotive News

FIAT

Fiat has developed the Palio to target the developing world, because the company sees the European car market as mature and its future sales growth coming from emerging markets. The Palio will primarily be built in the developing world, and it has been designed for ease of assembly and for durability.

1995 SALES	WESTERN EUROPE	REST OF WORLD
	1.49 million	854,000

Ford

Only three years after rolling out its Mondeo/Contour as a car to be sold worldwide, Ford has scrapped that approach. Under its Ford 2000 program, the company designs cars at specialized centers in the U.S. and Europe. The Fiesta, developed and mostly sold in Europe, will be marketed worldwide, for example.

1995 SALES	U.S.	WESTERN EUROPE	REST OF WORLD
	3.99 m	1.71 m	904,000

GM

GM's Opel/Vauxhall division is responsible for international sales and development. Rather than create unique cars for each market, Opel's approach is to modify its four basic models. Thus far, Opel's sales outside Western Europe are limited.

1995 SALES	U.S.	WESTERN EUROPE	REST OF WORLD
	4.84 m	1.58 m	169,000

Social Democrats Bog Down Kohl's Austerity Package

By John Schmid
International Herald Tribune

FRANKFURT — The opposition Social Democratic Party on Friday followed through on its threat to block Chancellor Helmut Kohl's landmark austerity package.

Rallying its majority in the upper house of Parliament, the party fettered the reforms with technical delays by sending them to the arbitration committee. While the Social Democrats can block some measures, Mr. Kohl's majority in the lower house is expected to overturn most changes this year by merely re-approving the original legislation. The lower house last month passed the package by a narrow vote.

The inability to rouse anything but symbolic opposition underlines how widely most Germans now accept that the vaunted German economic model needs fixing.

Because it trims entitlements, Mr. Kohl's package of 50 billion Deutsche marks (\$33.49 billion) in 1997 budget savings should have been immediately rejected by the SPD. But a few days ago, it was uncertain whether the party could muster the votes for its "blockade" strategy.

The spiraling costs of overhauling Eastern Germany have inflated Germany's deficit just as Mr. Kohl needs to scale back spending to meet the guidelines to join the proposed 1999 European currency union. Mr. Kohl also is eager to diminish the lavish employer-funded social benefits that have kept unemployment near postwar record levels.

"This is not about a blockade," insisted Oskar Lafontaine, chairman of the Social Democrats. "We have the responsibility to seek social justice and fight unemployment, and that's what we will do."

The reforms were conceived in a time of economic gloom in Bonn in January, when the economy was defying forecasts of a rebound and slumping into a recession. Since

then, a slow recovery has begun, but data show only anemic growth.

For that reason, German money-supply data were greeted with a bit of relief Friday as hopes rose that the Bundesbank would lower interest rates at its policy-making council meeting Thursday. Germany's M-3 money supply, the central bank's favored barometer of inflation brewing in the economy, grew at an annualized rate of 9.6 percent in June, but that was the first single-digit growth rate it had shown this year.

Quaker Appoints New Snapple Team

CHICAGO — Quaker Oats Co. said Friday it was realigning the management of its unprofitable Snapple Beverage Corp. unit, naming a team to report directly to William Smithburg, Quaker's chairman, president and chief executive officer.

The team will replace Donald Uzzi, president of Quaker Oats Beverages North America, who is leaving the company, it said. Quaker said the new team would oversee a new national advertising and sampling campaign.

Mr. Smithburg said the critical tasks for Snapple were to implement successfully its summer and autumn campaigns and establish a framework for 1997. He reiterated that Snapple had not met Quaker's expectations. It has been unprofitable since Quaker bought the iced-tea and fruit-drink business in 1994 for \$1.7 billion.

"The brand is a good one, but we have not yet tapped its potential," Mr. Smithburg said. He said he expected to bring in additional personnel who were experienced in the beverage business to help Snapple realize its potential.

This year, Quaker switched its advertising account for Snapple to Foote, Cone & Belding.

(Reuters, Knight-Ridder)

Bumpy Ride for Fiat's World Car

Palio Enters Global Race With Japanese and U.S. Rivals

By John Tagliabue
New York Times Service

TURIN — When Fiat, with Latin frenzy, brought out its "world car" in Brazil in April, the big Italian automaker called it the Palio, after the breakneck horse race that the Tuscan city of Siena has staged in its cobbled lanes since the Middle Ages.

It is an aptly named effort, because the goal of designing a car that can be built and sold in pretty much the same form worldwide is fast becoming something of a steeplechase on wheels. For Fiat, which has had trouble reaching beyond Europe, the Palio represents its most ambitious marketing attempt to compete with its Japanese and American rivals.

It is also expensive and risky for Fiat, which has been driven to globalization by lackluster European markets. "The industry has gone planetary," said Roberto Testore, 43, an engineer who recently became chief executive of Fiat's auto operations.

The reasons for this global push are clear. While the market for cars is growing slowly in industrialized regions such as the United States and Western Europe, strong economic expansion in Latin America and East Asia is spawning armies of car buyers.

By 2000, car sales outside the

United States, Europe, and Japan are expected to reach 20 million, or about a third of the world total, compared with 16 percent today.

"There'll be 2 percent to 3 percent growth in the developed countries but 7 percent to 10 percent growth rates in emerging markets," said Philippe Schwarz, director of research at DRU/McGraw Hill in London.

But the danger in trying for a one-size-fits-all car — as some carmakers have discovered — is that different markets demand different cars.

When incomes are low, cars must be cheap, when roads are bad, car design must adapt. A trendy design in one culture might look silly or clumsy elsewhere.

There is also a danger that cars such as the Palio, designed as world cars, will be shunned by prospective buyers, who will see them as Third World cars.

"The world car is a mirage," said Daniel T. Jones, a professor of auto industry management at the Cardiff University business school in Wales.

Still, Fiat is making the leap, spending \$2.65 billion to introduce the Palio. It is far from alone. For decades Europe's automakers have scrambled for bigger chunks of their congested market. But with the high cost of developing attractive models translating into only modest gains, they are setting their sights abroad.

PSA Peugeot Citroën SA of France, which sells only 12 percent of its cars outside Europe, wants to lift that to 25 percent by the end of the decade. In Germany, Volkswagen's new Golf, due out in 1998, will be designed around a platform adaptable for markets around the world.

Daimler-Benz AG, which has built an American plant in Alabama, its first full-scale car plant outside Germany, recently announced plans for a \$460 million plant in Brazil to make a small Mercedes.

America's carmakers, meanwhile, are increasingly using Europe as a global launching pad. Ford Motor Co., which in 1993 rolled out its latest attempt at a world car — in Europe it's the Mondeo; in the United States it's the Ford Contour or Mercury Mystique — has begun a program called Ford 2000 to develop similar models into global vehicles.

General Motors Corp. entrusted its European unit, grouped around its German Opel AG subsidiary, with leading its global production strategy. The Corsa, introduced by Opel in the 1980s, has already asserted itself as a global car, being sold in 70 countries. In some places it is called simply the Corsa; in Brazil it is the Chevrolet Corsa, and in Mexico it is sold under the name Chevy. Within

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ECONOMIC SCENE

China's Strategy Puzzles Hong Kong

By Kevin Murphy
International Herald Tribune

HONG KONG — Big, powerful and deeply plugged in to the local business establishment, state-owned Chinese corporations in Hong Kong have long been a commercial force to be reckoned with in many key sectors of the economy.

Because they view the British colony as a vital link to foreign capital, trade and technology, these Chinese companies have flocked to Hong Kong precisely because it is not China and therefore is not burdened with a legacy of central planning, immature capital markets and heavy overlay of political interference.

With the return of the colony to Beijing's rule now less than a year away, however, Hong Kong's business community is beginning to wonder whether the rules of the corporate game are set to change. Will the Chinese, they ask, try to flex new political muscles and grab a greater share of the market?

The question has taken on additional urgency since May, when Swire Pacific Ltd. effectively relinquished control of Hong Kong's two airlines, Cathay Pacific and Dragonair, to Chinese interests.

While Swire kept a large stake in both carriers, analysts and executives worried that British-run Swire, a pillar of the Hong Kong business community, had caved in to its Chinese partners — and that the deal presaged

similar Chinese moves on other local companies controlled by British interests, such as Hong Kong Telecommunications Ltd., owned by Cable & Wireless PLC.

Many analysts say the Chinese groups already thriving in Hong Kong could turn out to be the colony's best protection against any potentially destructive power plays. Companies with a strong grip on key businesses and franchises, the analysts say, will not let any group — Chinese or otherwise — destabilize the economy and threaten their own profits.

"Of course, there will be Chinese companies who think their time has

come, especially groups who haven't built up much of base in Hong Kong yet," said a Hong Kong banker who has been involved in many such deals.

"But Hong Kong businesses are pragmatic," the banker said. "They realize they may have to give up something here to gain an advantage in China, which, after all, is where the real future growth lies."

"You cannot say there is a single PRC company approach to Hong Kong," said Richard Margolis, a first vice president with Merrill Lynch Asia Pacific, referring to the People's Republic of China. "And most of the big established Chinese firms here are as

conservative and anxious to defend the status quo as any other business in Hong Kong."

"It is likely that some of the people who imagine they will have a freer hand in Hong Kong after the handover will come out of the woodwork. But for every sort of get-rich-quick merchant who might appear, there are legions of mainland businesses who will use their influence in Beijing to try and stop them."

By Beijing's count, its investment in Hong Kong totaled \$42.5 billion at the end of 1995. But, considering the desire of many Chinese businesses to keep their assets safe from official scrutiny, this statistic probably underestimates China's true stake in Hong Kong's economy.

In many key sectors, especially property development, big Chinese companies have begun to join in consortiums of local and foreign companies set up to make massive investments. Their capital and their presence as a mainland company are welcomed as a hedge against risk and political interference.

Those opportunities are generally limited to the biggest Chinese companies — those with cash to invest or access to the huge Chinese market to offer on later deals. With only a handful of Chinese companies controlling the importing of Chinese food into Hong Kong, for example, there are bound to be market-share battles. But

See HONG KONG, Page 13

Investors Cheer Sunbeam's New Chief

Bloomberg Business News

FORT LAUDERDALE, Florida — Shares in Sunbeam Corp. surged Friday, a day after the appliance maker hired Albert Dunlap as chairman and chief executive officer.

Sunbeam, whose earnings have fallen below expectations in five of the past six quarters, won praise from analysts, who said Mr. Dunlap's penchant for cutting staff and selling assets would provide focus to a company that some contended had lost its way.

"Sunbeam is in for a change," Constance Maneaty, an analyst at Bear, Stearns & Co., wrote. "We expect a no-nonsense approach to operations and capacity and a thorough look at the product line."

Mr. Dunlap succeeds Roger Schipke, who resigned in May after failing to raise profit.

Mr. Dunlap, 58, increased Scott Paper Co.'s market capitalization by \$6.5 billion during his 18-month tenure as chairman and chief executive. He fired

one-third of Scott's employees and sold \$2 billion of assets before selling the company to Kimberly-Clark Corp. for \$9 billion.

Mr. Dunlap declined to say when he would unveil a restructuring plan for Sunbeam, which had \$1.2 billion in sales last year. He said the sale of the company had not been discussed in negotiating his employment.

Shares of Sunbeam rose \$6.00 to close at \$18.50 on the New York Stock Exchange.

CURRENCY AND CAPITAL MARKET SERVICES

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CURRENCY & INTEREST RATES

Cross Rates										Libid-Libor Rates									
July 19										July 19									
	\$	£	DM	¥	HK	NT	₹	₪	₹		Dollar	D-Mark	Swiss	French	Yen	ECU			
Amsterdam	1.69	2.85	1.72	0.33	0.0007	—	—	—	—	1-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Brussels	30.72	5.35	32.02	6.88	2.83	183.05	—	—	—	3-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Frankfurt	1.66	2.85	—	—	—	—	—	—	—	1-year	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (a)	1.66	2.85	—	—	—	—	—	—	—										
London (b)	1.66	2.85	—	—	—	—	—	—	—										
Milan	1.36	2.39	2.78	0.0007	0.0007	—	—	—	—										
Paris	1.66	2.85	—	—	—	—	—	—	—										
Stockholm	1.69	2.85	1.72	0.33	0.0007	—	—	—	—										
Switzerland	1.66	2.85	—	—	—	—	—	—	—										
Tokyo	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Yokohama	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Other Currencies	—	—	—	—	—	—	—	—	—										
Source: Reuters, London Bank										Source: Reuters, London Bank									
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Key Money Rates										Key Money Rates									
	\$	£	DM	¥	HK	NT	₹	₪	₹		Discount	Prime	1-month	3-month	6-month	1-year			
Amsterdam	1.69	2.85	1.72	0.33	0.0007	—	—	—	—	1-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Brussels	30.72	5.35	32.02	6.88	2.83	183.05	—	—	—	3-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Frankfurt	1.66	2.85	—	—	—	—	—	—	—	6-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (a)	1.66	2.85	—	—	—	—	—	—	—	1-year	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (b)	1.66	2.85	—	—	—	—	—	—	—										
Milan	1.36	2.39	2.78	0.0007	0.0007	—	—	—	—										
Paris	1.66	2.85	—	—	—	—	—	—	—										
Stockholm	1.69	2.85	1.72	0.33	0.0007	—	—	—	—										
Switzerland	1.66	2.85	—	—	—	—	—	—	—										
Tokyo	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Yokohama	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Other Currencies	—	—	—	—	—	—	—	—	—										
Source: Reuters, London Bank										Source: Reuters, London Bank									
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Other Dollar Values										Other Dollar Values									
	\$	£	DM	¥	HK	NT	₹	₪	₹		Discount	Prime	1-month	3-month	6-month	1-year			
Amsterdam	1.69	2.85	1.72	0.33	0.0007	—	—	—	—	1-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Brussels	30.72	5.35	32.02	6.88	2.83	183.05	—	—	—	3-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Frankfurt	1.66	2.85	—	—	—	—	—	—	—	6-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (a)	1.66	2.85	—	—	—	—	—	—	—	1-year	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (b)	1.66	2.85	—	—	—	—	—	—	—										
Milan	1.36	2.39	2.78	0.0007	0.0007	—	—	—	—										
Paris	1.66	2.85	—	—	—	—	—	—	—										
Stockholm	1.69	2.85	1.72	0.33	0.0007	—	—	—	—										
Switzerland	1.66	2.85	—	—	—	—	—	—	—										
Tokyo	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Yokohama	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Other Currencies	—	—	—	—	—	—	—	—	—										
Source: Reuters, London Bank										Source: Reuters, London Bank									
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Forward Rates										Forward Rates									
	\$	£	DM	¥	HK	NT	₹	₪	₹		Discount	Prime	1-month	3-month	6-month	1-year			
Amsterdam	1.69	2.85	1.72	0.33	0.0007	—	—	—	—	1-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Brussels	30.72	5.35	32.02	6.88	2.83	183.05	—	—	—	3-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
Frankfurt	1.66	2.85	—	—	—	—	—	—	—	6-month	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (a)	1.66	2.85	—	—	—	—	—	—	—	1-year	5% - 5%	3 1/4% - 3 1/4%	2 1/4% - 2 1/4%	5 1/4% - 5 1/4%	3 1/4% - 3 1/4%	4 1/4% - 4 1/4%			
London (b)	1.66	2.85	—	—	—	—	—	—	—										
Milan	1.36	2.39	2.78	0.0007	0.0007	—	—	—	—										
Paris	1.66	2.85	—	—	—	—	—	—	—										
Stockholm	1.69	2.85	1.72	0.33	0.0007	—	—	—	—										
Switzerland	1.66	2.85	—	—	—	—	—	—	—										
Tokyo	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Yokohama	125.46	194.79	182.31	0.0007	0.0007	—	—	—	—										
Other Currencies	—	—	—	—	—	—	—	—	—										
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THE AMERICAS

U.S. Target: Payoffs Abroad

By Paul Blustein
Washington Post Service

WASHINGTON — Call it *resh-wa*, as Middle Easterners do, or *mordida*, as they say in Latin America, or just plain bribery. By whatever name, to President Bill Clinton's administration it is the mother of all trade barriers and a drag on the global economy.

The use of payoffs by non-U.S. companies to win business represents the No. 1 complaint of American executives working overseas, according to Commerce Secretary Mickey Kantor. He says the practice undercut American firms in orders for at least \$45 billion of goods between April 1994 and May 1995.

Accordingly, Mr. Clinton's administration is planning a number of anti-corruption initiatives, including pressing for worldwide agreements at a global trade meeting in November, to clean up government purchasing procedures and make business bribery a criminal act.

The campaign already is encountering stiff resistance. Malaysia's trade minister, Rafidah Aziz, recently suggested that Washington was imposing a form of cultural imperialism.

"What is corruption to one person," Mr. Rafidah said, "may be the norm for the other."

Even Singaporean officials — renowned for their probity in matters of corruption — questioned the need for the U.S. initiatives.

But the U.S. position is gaining support in the world of academic economics, where recent research is shedding light on the impact of corruption on trade and economic development.

A study by Paolo Mauro of the

International Monetary Fund said that "corruption may have considerable adverse effects on economic performance."

This assertion may seem unsurprising, but some other reports have suggested that bribery may even increase economic growth — after all, paying off a public servant can help cut bureaucratic red tape.

Mr. Mauro's figures show that in countries where corruption appears to be most rampant, the share of the economy devoted to business spending on plant and equipment tends to be substantially lower — ultimately retarding growth — than in countries where corruption appears to be less of a problem.

What is happening in more corrupt countries, he speculates, is that entrepreneurs' incentive to invest is reduced by their knowledge that dishonest public officials will take off a portion of their investments. (Mr. Mauro, of course, doesn't know for sure which countries are the most corrupt; he used surveys of business executives that ranked nations according to what they said was the pervasiveness of bribery.)

Mr. Mauro also found that governments in these countries tended to spend considerably less of their budgets on education — a crucial indicator of long-term growth — presumably, he says, because "corrupt governments find it easier to collect bribes on some expenditure items than on others," so taxpayer money is funneled into areas such as public works rather than into teachers' salaries.

A couple of caveats are in order here. First, it hasn't been proved that corruption causes poverty, or vice versa.

Second, some countries where

bribery has been cited as a problem rank among the world's best performers economically. Thailand and Indonesia are good examples.

Nevertheless, Mr. Mauro concluded that "both in a statistical and in an economic sense," there is a significant tie between corruption and low investment rates. He wrote that if Bangladesh were to improve the integrity and efficiency of its bureaucracy to those of Uruguay, "its investment rate would rise by almost five percentage points."

Another study, circulated last year by the National Bureau of Economic Research and soon to be published in an academic journal, provides some of the strongest evidence to date that corruption creates a disadvantage for American multinational corporations, which have been banned from offering bribes abroad since 1977, when Congress passed the Foreign Corrupt Practices Act.

The study, by a Harvard professor, James R. Hines Jr., shows that American business activity in countries where bribery was said to be more common fell sharply after the law was enacted. Again, this conclusion may seem unsurprising, but previous research suggested that the law had little if any effect, indicating that American companies were finding ways around it. Mr. Hines said the other studies had been poorly designed.

One easy "solution" to the corruption problem, of course, is to repeal or weaken the U.S. law against bribery, but Washington rejects that idea.

Instead, Mr. Clinton and other U.S. officials hope to persuade other countries to enact laws similar to those of the United States.

Profit Jitters Return To Shake Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Friday after some disappointing earnings from technology companies rekindled fears that corporate profits would not be as robust as expected during the remaining months of the year.

The Dow Jones industrial average closed down 37.36 points at 5,426.82, while losing issues outnumbered gainers by a 12-to-7 ratio on the New York Stock Exchange.

Weaker-than-expected earnings from Sun Microsystems helped drag down the technology sector. Analysts said a weakening economy in Europe and a stronger dollar would result in slower growth for Sun in the next few quarters. Sun fell 3 7/16 to 55.

Bellweather companies such as Hewlett-Packard and Motorola already have issued warnings of slowing profits.

Netscape Communications' shares also were weak, losing 3 1/2 to 53, despite reporting strong earnings.

Investors focused on the Internet software company's increased marketing and development expenses as it pushes to keep ahead of Microsoft.

Omega fell 5 1/2 to 22 1/2 despite reporting a return to profit in the second quarter as sales rose fivefold. The disk-drive maker's results only narrowly exceeded forecasts, which caused investors to bail out of the stock.

Banking stocks were weak, hurt by higher Treasury bond yields, which increase the cost of lending and can crimp profits. BankAmerica

fell 1/4 to 78 1/2, and Chase Manhattan lost 1/4 to 68 1/2. The price of the benchmark 30-year Treasury bond was down 15 1/2 at 87 3/8, taking the yield up to 6.97 percent from 6.92 percent Thursday.

Bond prices fell as investors considered remarks by Alan Greenspan, chairman of the Federal Reserve Board, on Thursday that triggered the biggest rally in almost three weeks. Mr. Greenspan's semiannual testimony to the Senate Banking Committee persuaded

U.S. STOCKS

some traders that the central bank was not poised to raise interest rates. But not all investors shared that interpretation of the Fed chairman's remarks.

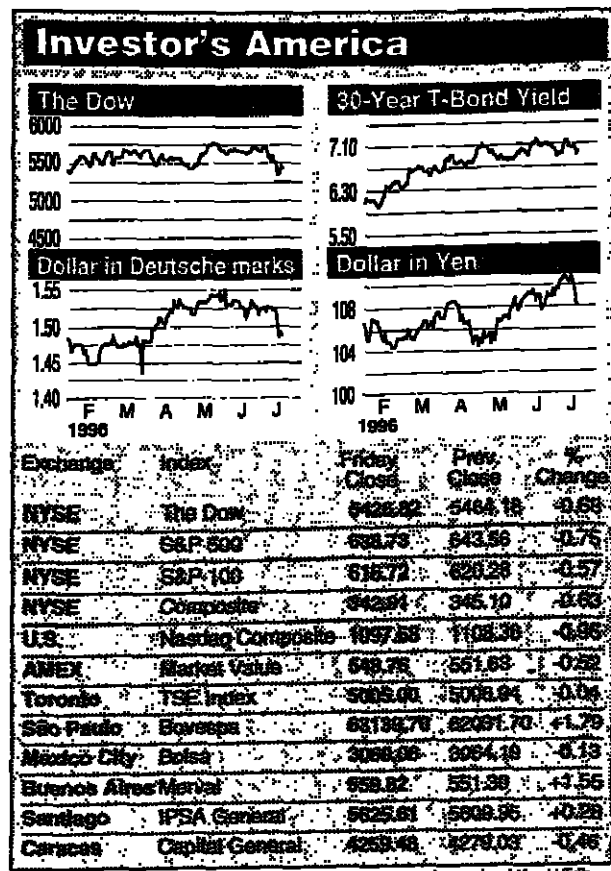
"I don't think he was ruling out a rate increase," said Joe Bench at Capstone Asset Management in White Plains, New York. "He was saying, 'We'll do whatever we need to do to stay ahead of inflation.'"

FluorScan Imaging Systems rose 2 1/4 to 10 1/4 after Hologic said it agreed to acquire the maker of X-ray imaging systems. Hologic fell 1/4 to 38 1/2.

Amgen rose 1/4 to 56 1/4 after the biotechnology company said its second-quarter profit had risen 30 percent on higher sales of its two major drugs and a licensing payment from an overseas partner.

Vanite surged 8 1/4 to 38 1/4 after the software company said its second-quarter profit had jumped nearly tenfold. Vanite makes customer service software.

(Bloomberg, AP)



Very briefly:

- The Securities and Exchange Commission approved shorter trading halts to be imposed should stocks fall steeply. The New York Stock Exchange would halt trading for 30 minutes instead of 60 if the Dow fell 250 points. If the Dow fell 400 points, trading would be halted for one hour instead of two.
- The Federal Trade Commission delayed a vote on Time Warner Inc.'s deal for Turner Broadcasting System Inc.
- Chevron Corp. was ordered to pay an estimated \$700 million in a lawsuit over Gulf Oil Co.'s 1982 decision to call off its \$5 billion acquisition of Cities Service Co.
- Delta Air Lines Inc.'s fourth-quarter profit fell to \$161 million from \$251 million last year.

SCANDAL: Deutsche Bank Backs Down on Metallgesellschaft

Continued from Page 1

Lutz Drehsbach, said: "We are hopeful that the board will decide to approve the settlement with Mr. Schimmbusch on Saturday."

In any case, the reversal marks a stinging personal defeat for Mr. Schimmbusch, who has become a controversial figure in corporate Germany as a result of the saga. For example, in early 1994, Mr. Schimmbusch accused Mr. Schimmbusch of "actions which were so potentially harmful to Metallgesellschaft that, in addition to the civil law penalties called for, penal measures would not come as a surprise."

Although neither Mr. Drehsbach nor a lawyer for Mr. Schimmbusch would provide details of the accord, four sources close to the discussions, who

asked not to be identified, said it contained three main elements:

- Both sides agree to drop all lawsuits filed against each other in the United States and Germany.
- Metallgesellschaft states unequivocally in a letter that it withdraws the charge made by Mr. Schimmbusch that Mr. Schimmbusch had misinformed the supervisory board or acted in bad faith concerning the oil futures trades that produced the 1993 losses.
- The company agrees to pay an estimated 3 million to 4 million Deutsche marks (\$1.3 million to \$2.7 million) of pension contributions for Mr. Schimmbusch, backdated to December 1993 and until he reaches retirement age. He also will have his pension restored.

Although talks between the two sides

began in October, Mr. Schimmbusch on June 17 filed a heavily documented 800-page counter-suit against Metallgesellschaft in Frankfurt. This was in response to a company suit filed on February 1995 against Mr. Schimmbusch that charged him with breach of duty.

In late 1994, Mr. Schimmbusch had filed a lawsuit in New York alleging that Deutsche Bank and Mr. Schimmbusch had conspired to profit from Metallgesellschaft's near-bankruptcy. Seeking \$10 million in damages, Mr. Schimmbusch accused Mr. Schimmbusch of launching "a systematic campaign of defamation" against him.

On Friday, Wolfgang Apitzsch, a lawyer for Mr. Schimmbusch, declined to discuss details of the deal, but offered his opinion that "the agreement being prepared is very just."

Dollar Slides After U.S. Stocks Slump

Bloomberg Business News

NEW YORK — The dollar fell Friday against other major currencies, weighed down by slumping U.S. stocks and doubts about how much the dollar would benefit if the Bundesbank cut interest rates further.

"Everybody is watching stocks," said Vicki Schmelzer Alices, a currency trader at Westdeutsche Landesbank Girozentrale. "The dollar was hurt when stocks came down."

In New York trading, the dollar slipped to close at 1.4871 Deutsche marks from 1.4925 DM and to 107.905 yen from 108.425. The dollar also dropped to 5.0388 French francs from 5.0545 and to 1.2154 Swiss francs from

1.2195. The pound rose to \$1.5463 from \$1.5449. Earlier, the dollar rose after news that Germany's money-supply growth slowed in June, making it more likely that the Bundesbank could cut a key interest rate soon.

But those gains soon evaporated as traders bet that another Bundesbank rate

FOREIGN EXCHANGE

reduction would be its last, because the German economy is showing signs of recovery. The central bank has been trimming rates since 1992. "Whenever it's construed as the last cut," said Tom Hoge, corporate currency trader at Bank of New York, "it

can actually do more damage than good for the dollar." The Bundesbank said the M3 money supply, its leading inflation indicator, grew at an annual rate of 9.6 percent in June, slowing from a 10.5 percent pace in May. The Bundesbank's target for M3 growth this year is 4 percent to 7 percent.

Bundesbank officials have said for months that they could cut interest rates further without a slowdown in M3 growth. Changing expectations for interest rates in the United States also weighed on the dollar, traders said. Remarks on Thursday by Alan Greenspan, chairman of the Federal Reserve Board, persuaded many analysts that the Fed was not poised to raise interest rates.

AMEX

Friday's 4 p.m. Close				
The top 300 most active shares, up to the closing on Wall Street				
Stock	Price	Change	Volume	Open
IBM	112 1/2	+1/4	1,200,000	112 1/2
Microsoft	54 1/2	+1/2	1,100,000	54 1/2
Apple	42 1/2	+1/4	1,000,000	42 1/2
Oracle	38 1/2	+1/4	900,000	38 1/2
Amazon	35 1/2	+1/4	800,000	35 1/2
Yahoo	32 1/2	+1/4	700,000	32 1/2
Google	28 1/2	+1/4	600,000	28 1/2
Alibaba	25 1/2	+1/4	500,000	25 1/2
Facebook	22 1/2	+1/4	400,000	22 1/2
Twitter	18 1/2	+1/4	300,000	18 1/2
LinkedIn	15 1/2	+1/4	200,000	15 1/2
Slack	12 1/2	+1/4	100,000	12 1/2
Dropbox	10 1/2	+1/4	50,000	10 1/2
Zoom	8 1/2	+1/4	20,000	8 1/2
Zoom	6 1/2	+1/4	10,000	6 1/2
Zoom	4 1/2	+1/4	5,000	4 1/2
Zoom	2 1/2	+1/4	2,000	2 1/2
Zoom	1 1/2	+1/4	1,000	1 1/2
Zoom	1/2	+1/4	500	1/2

U. S. STOCK MARKET DIARY

Indexes				
Index	High	Low	Close	Change
Dow Jones	5447 1/2	5426 8/2	5426 8/2	-37 3/8
S&P 500	449 1/2	448 7/8	448 7/9	-4 5/8
Nasdaq	1100 1/2	1097 8/5	1097 8/5	-10 3/4
AMEX	649 1/2	648 7/5	648 7/5	-5 1/5
10 Industrials	101 1/2	101 1/2	101 1/2	0
10 Techs	101 1/2	101 1/2	101 1/2	0
10 Financials	101 1/2	101 1/2	101 1/2	0
10 Commodities	101 1/2	101 1/2	101 1/2	0
10 Energy	101 1/2	101 1/2	101 1/2	0
10 Health Care	101 1/2	101 1/2	101 1/2	0
10 Consumer Goods	101 1/2	101 1/2	101 1/2	0
10 Consumer Services	101 1/2	101 1/2	101 1/2	0
10 International	101 1/2	101 1/2	101 1/2	0
10 Real Estate	101 1/2	101 1/2	101 1/2	0
10 Utilities	101 1/2	101 1/2	101 1/2	0
10 Telecommunications	101 1/2	101 1/2	101 1/2	0
10 Transportation	101 1/2	101 1/2	101 1/2	0
10 Miscellaneous	101 1/2	101 1/2	101 1/2	0

July 19, 1996

Grains				
Grain	High	Low	Close	Change
Wheat	1.48 1/2	1.48 1/2	1.48 1/2	0
Barley	1.48 1/2	1.48 1/2	1.48 1/2	0
Oats	1.48 1/2	1.48 1/2	1.48 1/2	0
Rye	1.48 1/2	1.48 1/2	1.48 1/2	0
Sorghum	1.48 1/2	1.48 1/2	1.48 1/2	0
Millet	1.48 1/2	1.48 1/2	1.48 1/2	0
Buckwheat	1.48 1/2	1.48 1/2	1.48 1/2	0
Flour	1.48 1/2	1.48 1/2	1.48 1/2	0
Feed	1.48 1/2	1.48 1/2	1.48 1/2	0
Oil	1.48 1/2	1.48 1/2	1.48 1/2	0
Meats	1.48 1/2	1.48 1/2	1.48 1/2	0
Pork	1.48 1/2	1.48 1/2	1.48 1/2	0
Beef	1.48 1/2	1.48 1/2	1.48 1/2	0
Lamb	1.48 1/2	1.48 1/2	1.48 1/2	0
Chicken	1.48 1/2	1.48 1/2	1.48 1/2	0
Dairy	1.48 1/2	1.48 1/2	1.48 1/2	0
Eggs	1.48 1/2	1.48 1/2	1.48 1/2	0
Butter	1.48 1/2	1.48 1/2	1.48 1/2	0
Cheese	1.48 1/2	1.48 1/2	1.48 1/2	0
Wool	1.48 1/2	1.48 1/2	1.48 1/2	0
Gold	1.48 1/2	1.48 1/2	1.48 1/2	0
Silver	1.48 1/2	1.48 1/2	1.48 1/2	0
Platinum	1.48 1/2	1.48 1/2	1.48 1/2	0
Palladium	1.48 1/2	1.48 1/2	1.48 1/2	0
Iron Ore	1.48 1/2	1.48 1/2	1.48 1/2	0
Copper	1.48 1/2	1.48 1/2	1.48 1/2	0
Nickel	1.48 1/2	1.48 1/2	1.48 1/2	0
Zinc	1.48 1/2	1.48 1/2	1.48 1/2	0
Lead	1.48 1/2	1.48 1/2	1.48 1/2	0
Aluminum	1.48 1/2	1.48 1/2	1.48 1/2	0
Steel	1.48 1/2	1.48 1/2	1.48 1/2	0
Energy	1.48 1/2	1.48 1/2	1.48 1/2	0
Oil	1.48 1/2	1.48 1/2	1.48 1/2	0
Natural Gas	1.48 1/2	1.48 1/2	1.48 1/2	0
Coal	1.48 1/2	1.48 1/2	1.48 1/2	0
Electricity	1.48 1/2	1.48 1/2	1.48 1/2	0
Commodities	1.48 1/2	1.48 1/2	1.48 1/2	0
Stocks	1.48 1/2	1.48 1/2	1.48 1/2	0
Bonds	1.48 1/2	1.48 1/2	1.48 1/2	0
Options	1.48 1/2	1.48 1/2	1.48 1/2	0
Derivatives	1.48 1/2	1.48 1/2	1.48 1/2	0
Commodities	1.48 1/2	1.48 1/2	1.48 1/2	0
Stocks	1.48 1/2	1.48 1/2	1.48 1/2	0
Bonds	1.48 1/2	1.48 1/2	1.48 1/2	0
Options	1.48 1/2	1.48 1/2	1.48 1/2	0
Derivatives	1.48 1/2	1.48 1/2	1.48 1/2	0

INTERNATIONAL FUTURES

High Low Close Open				
Index	High	Low	Close	Change
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10 Real Estate	101 1/2	101 1/2	101 1/2	0
10 Utilities	101 1/2	101 1/2	101 1/2	0
10 Telecommunications	101 1/2	101 1/2	101 1/2	0
10 Transportation	101 1/2	101 1/2	101 1/2	0

ASIA/PACIFIC

Protectionist Temptations Tugging at Beijing

Bloomberg Business News

BEIJING — China's struggle to keep its state-owned business sector from collapsing has taken a turn toward protectionism that could threaten relations with its trading partners unless Beijing acts with great finesse.

Figures released Friday by the State Statistics Bureau showed state-owned enterprises lost 41.6 billion yuan (\$4.98 billion) in the first six months of the year, an increase of 52 percent from the like period last year.

About 45 percent of the country's estimated 108,000 state-owned companies lost money, the bureau said.

To avert the demise of what could be tens of thousands of companies, the government in recent weeks has cut interest rates and promised fresh loans to cash-starved companies. Beijing's concern is understandable, as widespread closures of state-owned factories could drive the unemployment rate higher and trigger social unrest.

But the first sign of protectionism came this week, when a government official said China would offer preferential treatment to 10 Chinese beer makers, including Tsingtao Brewery Co., to fend off competition.

Tsingtao was also among 300 state compa-

nies to be offered fresh working-capital loans to ease cash shortages.

The official China News Agency reported Thursday that Guangdong Province, China's fastest-growing and richest region, will limit imports of cars, computers, motorcycles and various household appliances, including washing machines and air conditioners.

The restrictions, including quotas for cars, motorcycles and their components, are aimed at imported products, which dominate the domestic market. They will apply to all electromechanical products China is capable of producing domestically, the report said.

Last year China stopped approving foreign joint ventures that make cellular phones, televisions and other electronic goods.

These and other moves may increase trade friction with the United States and Japan, two of China's biggest trading partners.

They could also further imperil China's efforts to win admission to the World Trade Organization, the governing body of world trade. Beijing has been vigorously pressing its membership bid for months in the face of U.S. opposition.

In fact, relations with the United States and Japan were liable to grow testier even

without the latest Chinese steps. The U.S. trade deficit with China reached \$12.38 billion in the first five months of the year, up from \$11.54 billion in the like period of 1995, according to U.S. Commerce Department figures released Thursday. Japan's first-half trade deficit with China rose 39.7 percent, to about 900 billion yen (\$8.30 billion), according to the Ministry of International Trade and Industry.

The imposition of protectionist measures to protect obsolescent state industries would mark something of an about-face for China, which has gradually been opening its markets to foreign goods. On April 1, China cut average import tariffs to 22 percent from 35 percent as part of its bid to join the WTO and said more cuts would follow.

There are good reasons for Beijing to be cautious as it turns to protectionist measures to rescue beleaguered state companies. For one thing, increased protectionism could stunt China's growth: The country's gross domestic product expanded 9.8 percent in the first six months of 1996, the government reported Friday.

Foreign investment and trade are the main engines driving China's economy. Trade ac-

counts for more than 40 percent of China's economic output, compared with just 10 percent for the United States, said Chen Xingdong, an economist in Beijing with Crosby Securities Ltd.

Moreover, about 15 percent of Chinese investments in plant and equipment are linked to foreign investors setting up in China. Foreign-funded enterprises now account for more than 40 percent of China's trade.

"The Chinese economy is being increasingly integrated into the world economy, particularly on the trade front," said Charles Li, Asia-Pacific economist at NatWest Markets. That's why "they're unlikely to go protectionist across the board."

Foreign investment continues to flow into China. Actual investment in the first half rose 20 percent, to \$19.77 billion, the bureau said, and planned investment climbed 46 percent, to \$45.60 billion.

Beijing has eased lending restrictions it imposed in 1993 to curb inflation as price increases have slowed to single-digit rates. But easier credit may only make matters worse, allowing weak companies to make more unsalable goods. Economists say unsold inventories could approach \$100 billion.

Investor's Asia			
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
12500	2500	23000	
12000	2400	22500	
11500	2300	22000	
11000	2200	21500	
10500	2100	21000	
10000	2000	20500	
1996	1996	1996	
Exchange	Index	Friday Close	Prev. Close
Hong Kong	Hang Seng	10,845.30	10,711.20
Singapore	Straits Times	2,582.84	2,590.96
Sydney	All Ordinaries	2,157.68	2,119.70
Tokyo	Nikkei 225	21,476.29	21,666.42
Kuala Lumpur	Composite	1,128.40	1,123.38
Bangkok	SET	1,192.38	1,179.84
Seoul	Composite Index	637.39	616.47
Taipei	Stock Market Index	6,192.28	6,122.20
Manila	PSE	3,228.30	3,198.04
Jakarta	Composite Index	580.07	576.39
Wellington	NZSE-40	2,061.61	2,055.91
Bombay	Sensitive Index	3,763.09	3,775.99
Source: Telekurs			

Tokyo Resists the Greenspan Effect

Compiled by Our Staff From Dispatches

TOKYO — Japanese stocks fell Friday on concern that weakness in the dollar will harm earnings of major exporters, but prices rose on other Asian bourses in the aftermath of Wall Street's 87-point jump Thursday.

Testimony in Washington by Federal Reserve Chairman Alan Greenspan on Thursday eased concern that global interest rates were on the verge of rising and helped interest-rate-sensitive Tokyo stocks in early trading, but news of slumping output by Japanese automakers and the dollar's slow retreat from its recent peak pulled stocks lower by the close.

The Nikkei 225-stock index fell 90.13 points, or 0.42 percent, to 21,476.29, for a

loss of 180.16 points, or 0.83 percent, on the week, its third weekly loss in a row.

Auto and electronics shares fell amid concern about the dollar's easing from the level of 111 yen it touched two weeks ago. A stronger yen means lower profits when Japanese exporters repatriate their overseas earnings. The dollar ended Tokyo trading at 108.38 yen.

Toyota Motor Corp. closed at 2,530 yen (\$23.24), down 60 yen. Honda Motor Co. fell 30 to 2,600, and Nissan Motor Co. fell 15 to 873. Mitsubishi Motors Corp. was unchanged at 934. Hitachi Ltd. fell 19 to 974. NEC Corp. fell 10 to 1,130, and Matsushita Electric Industrial Co. fell 20 to 1,930.

Toyota said its automobile output fell

3.6 percent in June from a year earlier. Nissan said its June output was down 7.1 percent, and Mitsubishi Motors said its production sank 20.1 percent.

Mr. Greenspan's comments were credited with helping several other Asian exchanges post gains.

Hong Kong shares surged for the second day in a row, with the Hang Seng index ending at 10,845.30, up 134.06, or 1.25 percent, after a 102-point gain Thursday. Shares also rose in Taipei, where the government said it was lifting a ban on foreign investment in telecommunications and property, as well as in Singapore, Kuala Lumpur, Sydney, Seoul, Manila, Bangkok and Jakarta.

(Bloomberg, AP)

Higher Property Prices Help Ayala's Profit Rise

Compiled by Our Staff From Dispatches

MANILA — Ayala Corp. said Friday its first-half profit surged 84 percent, to 3.45 billion pesos (\$131.7 million), with the holding company's property unit contributing the biggest share of the earnings.

Ayala Land Inc. posted a 52 percent increase in profit, to 2.54 billion pesos, helped by increased prices for residential and office lots and impressive earnings from its shopping centers.

The results included a one-time gain from the sale of shares in subsidiaries, without which profit would have risen 53 percent. The company did not give details of the gain.

Ayala's banking subsidiary, Bank of the Philippine Islands, had 71 percent profit growth, to 1.55 billion pesos. Ayala, which also has interests in insurance, electronics and food processing, predicted that its full-year income would surpass the 5.48 billion pesos it earned in 1995.

(Bloomberg, Reuters)

WORLD: Fiat's Global Race

Continued from Page 9

10 years, GM wants to sell half its cars outside the United States, up from about a third today, said Louis R. Hughes, president of GM's international operations.

Europeans have not shy about going global in the past. Fiat has been making and selling cars in Brazil for more than 20 years and for decades has taken cars such as the boxer Fiat 124 and assembled them in underdeveloped areas such as the old Soviet Union, where

it was called the Zhiguli. Japanese companies also are successful at building cars in the United States and exporting them in growing numbers to other markets. Thus, European carmakers such as Fiat increasingly have to respond first to defend their home turf and second to design cars with an eye to the needs of distant markets.

Mr. Testore likes to compare the global operation that Fiat is creating to a "virtual factory, with its seat in Turin." Fiat's headquarters.

HONG KONG: Will Chinese Firms Test Their Newfound Muscle?

Continued from Page 9

analysts downplay the risk of Chinese companies disrupting the many arrangements that, for example, keep Hong Kong's property market buoyant and its banking sector comfortably in profit.

Late last year, according to a senior Hong Kong government official, members of the Xinhua news agency, China's de facto embassy in Hong Kong, asked mainland businesses to limit major in-

vestments in Hong Kong until just before the July 1, 1997, transfer of sovereignty to Beijing. Doing so, they said, would yield maximum propaganda mileage for those investments at a critical time for confidence in Chinese rule.

Judging from a steady stream of new, high-profile Chinese business deals in Hong Kong, however, mainland business leaders who answer to their own ministries or to provincial Chinese governments have not bought into the

strategy, and Lu Ping, China's lead official on Hong Kong affairs, has said publicly that Beijing will prevent provinces and ministries from interfering in Hong Kong.

"I am sure there are lots of ministries and provinces that would like to play" power games in Hong Kong, the Hong Kong banker said, "but the central government says it will try to keep them under control." "Whether they can do it is the big question."

Burns Philp Sees Charge

Bloomberg Business News

SYDNEY — Burns Philp & Co. said Friday it expected to report a special charge of about 100 million Australian dollars (\$79 million) as a result of a review of its assets and the closure of some operations.

Responding to an inquiry by

the Australian Stock Exchange, the producer of spices and other food products said its net earnings before one-time items for the year that ended June 30 would be down about 20 percent from the 104.1 million dollars it earned the previous year.

Isituto Finanziario Industriale S.p.A.

Joint Stock Company
Corporate Offices: 26, Corso Matteotti, Turin, Italy
Capital Stock Lire 123,500,000,000 fully paid in Turin, Registry of the Companies no. 327/72

1995 DIVIDEND PAYMENT

We advise the shareholders that, in accordance to the resolutions of the shareholder's general meeting held in Turin on June 28th, 1995, the dividend for the fiscal year ended December 31st, 1995 will be payable on July 22nd, 1996. Payment will be made upon presentation of coupon no. 18 in the measure of:

- 450 Liras for the preferred shares
- 400 Liras for the ordinary shares

subject to withholding tax.

The dividend will be payable at the Company's main offices and branches of the paying agents listed hereunder.

Authorized banks:

- In the Netherlands: Amsterdam Rotterdam Bank N.V.
- In the Federal Republic of Germany: Commerzbank.
- In Switzerland: Banca Commerciale Italiana (Suisse), Credit Suisse and Société de Banque Suisse.
- In France: Lazard Frères et Cie.
- In Great Britain: Lazard Brothers & Co. and S. G. Warburg and Co. Ltd.
- In Italy: all the leading banks.

TRANSPACIFIC FUND

Société anonyme
Registered office: 14, rue Aklringen, L-1118 Luxembourg
Commercial Register: Section B 8376

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of TRANSPACIFIC FUND will be held at the offices of Banque Générale du Luxembourg, 50, avenue J.F. Kennedy, on Tuesday 30th July, 1996 at 11 a.m. for the purpose of considering and voting upon the following matters:

Agenda

1. To hear the management report of the Directors for the year ended 31 March 1996.
2. To hear the report of the Auditor.
3. To approve the statements of assets and liabilities and the statement of operations for the year ended 31 March 1996.
4. To approve the allocation of the net profit and the amount and date of payment of the dividend.
5. To discharge the Directors with respect to the performance of their duties during the year ended 31 March 1996.
6. To elect the Directors and the Auditor to serve until the next Annual General Meeting of shareholders.
7. To approve the payment of the Directors' fees for the period under review.
8. Miscellaneous.

The shareholders are advised that no quorum is required for the statutory general meeting and that decisions will be taken by the majority of the shares present or represented at the meeting.

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GERMANY*	DEM	182	72
GREAT BRITAIN	£	47	22
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MONEY

An On-Line Broker, a PC and Thou: The Internet Beckons Investors

By Iain Jenkins
and Judith Rehak

THE USE OF THE INTERNET to monitor markets, gather information and trade shares has evolved in a remarkably short time from a quirky idea to a fervently embraced modus operandi for growing numbers of global investors.

While cyberinvesting has developed most rapidly in the United States, investors in Europe and Asia are increasingly taking part. All it takes is a personal computer, a modem, certain software and an account with an on-line broker to turn an office or kitchen table into a financial center capable of managing an international portfolio.

Moreover, as worries about the safety of both money and information dwindle, more brokers and investment houses are becoming interested in offering on-line trading to their clients.

"Initially, established brokers were worried about the security risks," said Susan Sweet, a researcher at Forrester Research Inc. in Cambridge, Massachusetts. "They didn't want to find themselves on the front pages of the newspaper because of security breaches. Now they are afraid of being left behind and are rushing to go on-line."

Forrester's research indicates that about 800,000 investors globally are using the Internet for on-line trades—a number that, while representing a tiny percentage of the investing public, appears to be growing daily.

Technology aside, the basics of on-line investing are relatively simple. Typically, an account is opened with a broker in which a sufficient amount of cash is deposited to carry out the expected level of trading. That amount can vary, of course, as the investor wishes, and the money can often be parked in vehicles such as money-market funds at current interest rates until a trade is executed.

Using the broker's on-line service, the investor can then key in orders to buy and sell shares, which the broker will execute. A typical investing menu on the Internet's World Wide Web offers a full range of listed and Nasdaq stocks and options. Some discount brokers offer bonds, and a growing number are adding U.S. mutual funds.

To be sure, a major attraction of on-line investing is its rock-bottom commissions: Depending on the broker, charges per transaction generally range from as low as \$14.95 to as high as \$40—still far less than those of full-service investment houses.

IN THE UNITED STATES, roughly a dozen companies are now open for business on the Web, some handling sizable traffic and others just a few transactions a day. E*Trade of Palo Alto, California, which launched its service in February, already counts roughly 2,200 trades a day, while eBroker, of Omaha, Nebraska, typically handles as few as 50.

Although most discounters will not reveal what percentage of their Internet clientele comes from outside the United States, they acknowledge that interna-

Investment Advice On-Line The following World Wide Web sites provide information of interest to international investors for no charge and without requiring users to provide any personal information. Many of them offer additional services for registered and paying users who like what they see. These sites were current as of last week. This list is not exhaustive; some sites that met our criteria were not included for reasons of space.

SITE	ADDRESS	WHAT YOU'LL FIND
American Association of Individual Investors	www.aaii.org/	Information for private investors geared to Americans.
Asia Inc. Online Presents Knight-Ridder Financial News	www.asia-inc.com/knight/index.html	Daily financial-market reviews from around the world.
AsiaOne Business Centre	www.asia1.com.sg/bizcentre	Singapore and Kuala Lumpur stock prices, Asia news and market information.
Bloomberg Personal	www.bloomberg.com	Information from Bloomberg Business News's global service, including market reports.
Bolsa de Madrid	www.bolsamadrid.es/homepin.htm	Stock prices and earnings data on blue-chip Spanish companies.
Briefing.com	www.briefing.com/	Reports, facts and outlooks on U.S. financial markets, some are updated during the trading day.
DBC Online	www.dbc.com/	Stock quotes from various exchanges around the world; U.S. market news and outlooks.
EDGAR	www.sec.gov/edgarhp.htm	U.S. Securities and Exchange Commission filings; much information about American public companies.
Equity Analytics Ltd.	www.e-analytics.com/www	Investing and financial planning information for business and experienced investors.
Hoover's Online	www.hoovers.com	One-line version of the Hoover's Handbook series of corporate profiles. Limited free information.
Institute of Finance and Banking at the University of Göttingen (Germany)	www.wiso.gwdg.de/ibg/ibg.htm	List of world banks, with links to their Web pages; includes citations and cyber banks.
International Herald Tribune	www.ihf.com/	Price for offshore mutual funds and business and finance articles from the days paper.
Invest-India	quarkcode.net/india/	Indian stock quotes, brief daily market updates, monthly economic outlooks, some direct investing information largely for non-resident Indian investors.
IPO Central	www.ipocentral.com	Information about new American stock issues, offered by The Reference Press Inc. and the Securities and Exchange Commission.

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Lisbon Stock Exchange	www.bbl.pt/8181/bv/homepag.html	Stock prices
Ljubljana Stock Exchange	www.ljse.si/cgi-bin/lsk/engli.sh.htm?language=sl	Stock prices
MoneyWeb	www.demon.co.uk/moneyweb/index.html	Financial news and market reports
The Motley Fool	fool.web.aol.com/fool_mn.htm	Investing advice, market news and analysis
Oslo Bourse	nethik.no/finans/oslobors/engelsk	Stock prices
Paris Bourse	www.bourse-de-paris.fr/bourse/sb/home.html-gb.htm	Stock prices
Philippine Stock Watch	www.globe.com.ph/bpicap/stock.htm	Stock prices
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Stockholm Stock Exchange	www.public.se/finans/stock/engelsk	Stock prices
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Tex.Net	robot1.tenet.it/finanza	Investing advice, market news and analysis
Washington Post	www.washingtonpost.com/wp-srv/business/fornt.htm	Investing advice, market news and analysis
Yahoo	www.yahoo.com/headlines	Investing advice, market news and analysis

tional customers are an important segment of their business.

What is known so far about these global cyberinvestors? For starters, they are a mix of American expatriates and foreign nationals. Most of them live in Western Europe, with Britain, Germany and the Netherlands leading the way. In Asia, most Internet traders are based in Hong Kong, Singapore, Tokyo and Taiwan.

In addition to this basic profile, E*Trade has clients in 46 countries, including such exotic places as Azerbaijan and Mozambique. Bill Glasz, president of the discount broker, said his company had "a ton of customers in the Middle East," mostly in Qatar and Israel. He said his most unusual foreign client owned an Indonesian tobacco plantation.

Eric Rosch, chief executive of Lom-

bard Institutional Brokerage in San Francisco, said about a third of all new accounts for his on-line trading service were being opened by non-U.S. citizens.

"Most are using the service to buy U.S. securities," he said. "But the purchase of foreign securities is growing." David Espenscheid, marketing direc-

tor for Lombard, cited certain attractions for international customers:

"They like the easy access to the U.S. markets and the fact that we can put information in front of them on the Internet that they couldn't get from a broker, especially overseas," he said. Like many of its competitors, Lom-

bard offers an array of information, such as U.S. stock quotes and company analyses from Standard & Poor's Corp. It recently added charts and graphs that show daily stock movements. Lombard also plans to offer stock quotes from Tokyo, London, Paris and other international bourses.

Another advantage for far-flung investors is that Web sites never close. Clients can access their accounts, carry out research and place orders 24 hours a day. Mr. Espenscheid said customers in Europe often checked into their accounts from their offices in mid-afternoon.

"We see a lot of activity from business locations there just before the U.S. markets open," he said. By contrast, investors in Asia often place orders during the nighttime hours in the United States, to be executed when the markets open the following day. While investors have been able to

trade stocks over the Internet for months, setting up a service to do the same for mutual funds has proved more complicated, said Barry Boyte, vice president of Jack White & Co., a discount brokerage in San Diego, California. The hurdles, he said, included different regulations, different settlement systems and quirks like multiple classes of shares in the same fund. Nevertheless, Jack White opened its formerly private mutual-fund trading service to new customers last month (<http://pawws.com/jwc>).

Charles Schwab & Co., the largest U.S. discount broker, is in the process of inaugurating a mutual-funds trading service on the Net through its eSchwab service (<http://www.eschwab.com>). About 550 funds will be tradable without a transaction fee. The costs of trading the 600 other funds carried by Schwab will be the same whether customers place orders electronically or by phone. Fidelity Investments hopes to start an on-line fund-trading service later this year.

FUND COMPANIES that sell directly to investors are also trying to give their customers account information on-line, and even to allow them to move money among funds. For example, T. Rowe Price already has such a system available over a modem and plans to move it to the Net once it is comfortable that investor information is secure. Major U.S. fund companies such as Fidelity, T. Rowe Price and Vanguard already have elaborate Web sites.

The idea of trading mutual funds over the Net is catching on in Europe as well. Hans Heller, head of marketing at Fleming Asset Management in Luxembourg, said that within a few weeks Fleming would offer an on-line system for buying its 28 offshore funds in Europe. He added: "I am aware of at least four organizations in Europe that are looking at on-line trading. Once it becomes acceptable, the floodgates will open and revolutionize the way financial products are bought and sold."

Mr. Heller said that Fleming would allow potential clients to "test drive" the service by pretending to buy into the fund through the site <http://www.fleming.lu>. The system would then monitor their fictitious portfolios to allow investors unfamiliar with the technology to get comfortable with it before they "go live," or buy shares in a fund.

"Already we are getting investors from Chile, Argentina, Turkey and the Far East looking at our site," he said. "Unfortunately, one of the problems in creating a global market is that we are not authorized to sell our products in some of these markets. U.S. citizens, for example, are not allowed to buy the Fleming range of offshore funds."

Of course, trading via the Internet poses a potential nightmare for regulators, and U.S. investment officials have acknowledged that the technology is getting ahead of regulatory capabilities. Analysts say that a whole new legal structure may be necessary to cope with this brave new world.

Additional reporting by Leslie Eaton of The New York Times

Professionals Hop Aboard Do-It-Yourself Bandwagon

By Aline Sullivan

THE TREND toward do-it-yourself trading might be expected to horrify professional stockbrokers. But curiously, the notion of cutting out the middle man is not always unwelcome to the middle men themselves.

Richard Hunter at NatWest Stockbrokers in London is typically sanguine: "We have no problem with investors making their own decisions," he said. "If they are confident that they don't need any advice, then they can simply use us for execution."

A New York stockbroker who insisted on anonymity suggested other reasons why even full-service brokers did not feel threatened by direct trading: "Do-it-yourself investing is mostly for the small fry. The people who have serious money to invest are far too busy to devote themselves to tracking their portfolios. Of course they have ideas, but they want to bounce them off us."

That view was seconded by John Brookes, chief of Nottley Information Service in Atlanta, Georgia, and chairman of the New York-based International Federation of Technical Analysts. Mr. Brookes said many of the large brokerages had already shifted their emphasis to institutional and high-net-worth private clients and away from small investors.

"Most of the do-it-yourself investors are college kids who haven't had time to accumulate a lot of wealth," he said. "Later on, they will probably want professional advice."

Mr. Brookes added that the same self-reliant young investors who enjoyed flying solo in a rising market might clamor for help if the market tumbled. "No one needs brokers or analysts in a bull market," he said. "The professionals make their money when the market goes down."

Professionals believe that much of their value lies in their research, for

which they say clients are willing to pay handsomely. They also argue that as individual investors seek to learn more about markets in order to trade for their own accounts, the investors will increasingly seek out professionals as sources of intelligence.

"There is a growing market for information taking its place alongside the advisory and execution-only markets," Mr. Hunter said. "This will be very useful to investors making their own decisions."

NatWest Stockbrokers, part of Britain's second-largest bank, does not offer on-line trading to its clients, but does provide execution-only services for customers who make their own decisions on which stocks to buy and sell. Commission charges start at £20 (\$31), and range from 1 percent to 1.5 percent of the first £4,000 of a transaction, compared with a charge of 1.95 percent for full discretionary service.

STOCKBROKERS AGREE that while many private investors are knowledgeable enough to pick their own shares, they run the risk of not being able to follow the markets closely enough.

In London, Killik & Co., for example, has a Web site for clients who want to transmit instructions regarding their portfolios and access some of the firm's research. But a senior partner, Matthew Ore, warned that do-it-yourself trading best suited investors who had daily access to the markets through their jobs or who were retired.

"The vast majority of people simply don't have the time to manage their own investments," he said. "We see the real value of a full-service brokerage as providing a relationship, adding value and being the eyes in the back of our clients' heads."

Mr. Brookes noted growing concern that the Internet could potentially be used by private and professional investors alike to circulate rumors that could possibly manipulate markets.



He said there had been instances where shares in certain companies had risen dramatically after the companies' fortunes had become the subject of discussion in so-called chat rooms on the Internet.

Such incidents, he said, "are making people wonder who is really running these stocks." Another concern of late has involved whether stockbrokers have used the Internet to trade for themselves in order to later benefit from selling or buying securities for clients, a practice which—whether practiced via the Internet or through traditional trading means—is known as front-running.

The possible use of the Internet for this purpose has drawn the attention of the U.S. Securities and Exchange Commission and analysts expect the SEC to start developing guidelines for Internet-based trading soon.

Time to Sell? Ask the Cyberpundits

By Steve Lohr

WONDERING about the real reasons for the recent jolt in the stock market? Here is a list of possible ones: Bill Clinton, Ronald Reagan, program traders, "terrible management," companies that are "huge dogs," an "imminent" invasion of South Korea by its northern neighbor and the likelihood of a "right-wing coup in Russia that will be associated with an outbreak of World War III."

Such is the wit and wisdom from cyberspace, or at least a sampling of it, taken in the days following this week's break in the stock market after its long ascent—the first major decline of the Internet era.

On the hundreds of stock-related World Wide Web sites, on-line forums and Internet news groups, investors ask questions, share knowledge, pass along gossip and express sentiments in often unrestrained fashion. They have made on-line personal-investing forums like the Motley Fool on America Online (Page 15), Web sites like Silicon Investor and news groups like misc.invest.stocks some of the most popular locations in cyberspace.

In the on-line world, the manager of a message board is the equivalent of a bartender at a well-known Wall Street bar like Harry's at Hanover Square, where traders gather after the markets close. The board manager reads the postings and can sense the tone of on-line discussion.

David Forrest, 26, manager of the Motley Fool message boards, said he had seen two distinct reactions this week to the turmoil in the stock market. "People are getting more hostile toward one another," he said. "They're coming on and they're venting."

Yet there has been a second category of postings, Mr. Forrest said, from people counseling calm. A New York City man who uses the screen name "Sixdorb" posted the following message in a Motley Fool message board early Tuesday afternoon, when it seemed that the market was diving yet again: "I'm posting from

my broker's office... his phone is ringing off the hook... panic is beginning to set in... think! think! Buy, sell, hold... do whatever you want but THINK... don't panic."

On the Silicon Investor Web site (<http://www.techstocks.com>), an individual with the screen identity P.T. Burman proved to be prescient—at least for a day—on the direction of technology stock prices after Intel Corp. reported earnings higher than most Wall Street estimates on Tuesday evening.

On Wednesday morning, P.T. Burman declared: "Now that Intel reported better-than-expected earnings, the tech meltdown is indeed over."

At misc.invest.stocks, a popular Internet news group, the postings covered subjects ranging from the likely direction of the markets to prospects for individual companies to urgent appeals for stock tips, like the message that began: "I need insider info or I'll go BANKRUPT."

In answer to a query about how far the stock market might slide, someone who identified himself as Jason Baumgartner eschewed numerical estimates but offered a descriptive reply: "Humm..."

BRIEFCASE

Rothschild Is Focusing On Distressed Securities

Wilbur Ross Jr. and his colleagues at Rothschild Inc. are setting up the Rothschild Recovery Fund to invest in distressed securities, the New York Times reported.

The new fund, which is offering \$150 million of limited-partnership interests with minimum commitments of \$5 million, "will seek to provide significant returns through opportunistic investments in distressed securities and through selected financing arrangements for companies in bankruptcy proceedings," according to a copy of the private placement memorandum.

This is the first of several new private equity investments planned by Rothschild Inc., a New York investment banking firm that is jointly owned by the

The sound of a car slamming on its brakes, but just a little too late, and then sounds of metal crunching is ringing in my ears. But when the market goes South, it's a good time to buy."

Some of the more unconventional analysis to support a bearish view of the market came from a person who identified himself or herself as J. Adams, whose Internet missives are called Crash Alerts. In one on misc.invest.stocks last week, J. Adams said that North Korea was about to invade South Korea.

Then, on Tuesday, J. Adams posted a warning of the likelihood of a right-wing coup in Russia. "The crash is beginning," this Internet forecaster wrote. "World events are moving in the direction I have long been warning people about."

Despite some concerns, many Wall Street professionals say that the Internet is a good thing for individual investors. "There's a lot of great information out on the Internet for investors, but you can't take it all at face value," said Jamie Kiggen, a managing director of Bear, Stearns & Co. "It's raw information. You need to analyze it."

New York Times Service

New Web Site Carries Columns on Investment

A new World Wide Web site called "Money Talks" features five personal-finance columns, each updated weekly so that there is one new column each weekday (<http://www.talks.com>), the New York Times reported. The columns cover general stock investing, managing personal finances, investing in the retail, energy and utilities sectors and investing in mutual funds. The site is free, but does carry advertising. A weekly opinion forum welcomes articles from outside contributors.

THE MONEY REPORT

Volatile Markets Herald Move Toward Defensive Investment Strategies

By Gilly Filsner

SMALL INVESTORS should see the volatility in world stock markets this past week as a signal to stop buying whole indexes and become more selective, many fund managers say.

While some add that the five-year bull market in equities may have life left in it, the consensus is that the Dow Jones industrial average's plunge on Monday (accompanied by falls in other major bourses), followed by a shaky recovery, indicates that the time has come to at least adopt more defensive strategies.

Maintaining a liquid portfolio is crucial when markets become volatile, and that means shares in the larger, heavily traded stocks. As the mixed earnings picture now emerging from major corporations shows, a shotgun approach to the market needs to be replaced by careful targeting.

"You've got to stick with multinational companies, like Coca-Cola Co.," said Richard Hoblyn, a fund manager at Shaw & Co., the British private-client unit of the Dutch investment house MeesPierson. "Don't buy companies that are over-extended."

Shares in Coca-Cola Co. have outperformed the Dow by about 6.4 percent since the index peaked at 5,778 on May 22 — aptly enough, given the company's high profile as a premier sponsor for the Olympic games.

Jim Wood-Smith, chief of research at Gerrard Vivian Gray Ltd., which man-

ages about £2 billion (\$3.06 billion) for private investors, stressed that a volatile period such as the past week presented opportunities and shouldn't be viewed in a purely negative light. "When the market falls, it's usually a chance to be buying some cheap stocks rather than panicking out," he said.

Other analysts said that careful stock selection was imperative for investors in the U.S. and British markets, as elections loomed and interest rates were forecast to rise in both countries. A key will be to search out stocks of companies which are outperforming rivals in their own sectors.

Indeed, company performances within certain industrial groups have varied widely. In technology stocks, for example, disappointment with profit reports from Hewlett-Packard and Motorola Inc. precipitated the Dow Jones slide, while more cheerful news on second-quarter earnings from Intel Corp. on July 17 helped put the brakes on it.

Mr. Hoblyn said the high valuations on some Internet and biotechnology stocks rendered them less desirable, although companies with a proven earnings stream were worth keeping. "Every sector has its success stories and its laggards," he said. "If you stock-pick rather than target whole sectors or indexes, you'll make a lot of money in the next year and a half."

Mr. Hoblyn also said investors should consider shifting assets to those markets where economic growth remained on track. "If you're over-exposed to the U.S., there's no harm in

top-slicing a bit," he said, suggesting that small investors move some money into a fund investing in Asia, including Japan.

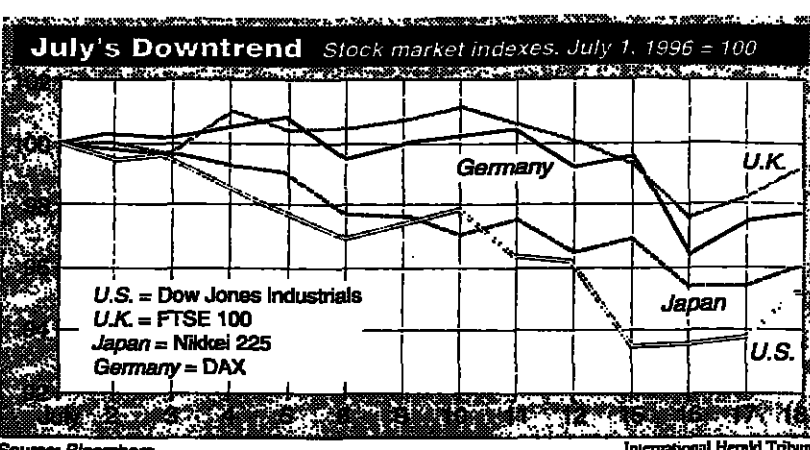
The Asian markets didn't escape the past week's volatility, as the Nikkei 225 index fell 90.13, or 0.42 percent, on Friday to end the week at 21,476.29. But growth in Japan is now looking strong and sustainable, with neighboring countries benefiting from stronger demand. The momentum in China will also continue to help investors, said Richard Farrell, director in charge of Asian investment at Guinness Flight Global Asset Management.

"You have two major economies in Asia pointing in the right direction at the same time," said Mr. Farrell, adding that with investors less trusting as a result of the market gyrations, he saw interest only in those economies without structural problems.

But just as the markets' rise proved irresistible to some small investors, it is likely that this latest hiccup could frighten away new money that might otherwise have gone into equities in any market. Many analysts are taking a wait-and-see approach.

"A market that goes up and down like a yo-yo is likely to put off personal investors," said Keith Gilman, associate director of British equities at AXA Equity & Law. "Given the volatility of the markets, one shouldn't be buying at this level. It's like trying to hit a moving target."

So far, though, there hasn't been a flood of mutual-fund owners dumping



Source: Bloomberg

International Herald Tribune

their holdings. "We've seen about a 20 percent increase in phone volumes in the last couple of days," said Richard Westcott, executive director of European retail marketing at Fidelity Investment Services. "Most of the people have just been seeking reassurance."

He said there had been little in the way of redemptions of fund units, although some investors had opted to switch into cash funds from equity funds. "Timing the market is tough for the small investor," Mr. Westcott said, adding that Fidelity typically discussed the benefits of long-term investing with people when they called up.

That might ring true for someone who's been building their equity holdings for the past five years, but small comfort to investors who finally bought

their first stock shares last Friday.

U.S. Equity Funds Take a Hit

U.S. investors yanked money from stock mutual funds for the first time in at least 11 weeks as U.S. financial markets were highly volatile, according to AMG Data Services, an Arcata, California, company that tracks mutual-fund money flows.

Equity mutual funds lost \$4.04 billion dollars because of investor withdrawals in the week ended July 17, the first week in which investors pulled money out of funds since the beginning of May, AMG said. Stock funds gathered \$2.32 billion, excluding reinvested dividends, in the previous week.

Growth funds, which seek to prosper

by investing in stocks of companies with rapidly increasing earnings, had the biggest withdrawals, losing \$1.31 billion. They gathered \$424 million in the previous week.

So-called emerging growth funds lost a net \$880 million from withdrawals, after collecting \$36 million a week earlier. Investors removed \$625 million from so-called aggressive growth funds, compared with inflows of \$563 million. International funds lost \$444 million after gaining \$441 million.

The most popular stock funds in the latest week were so-called growth and income funds, which had about \$1 million of inflows. They gained \$378 million the previous week.

Demand for taxable bond funds also evaporated as investors withdrew \$2.27 billion, the first withdrawals since the week ended June 19 and the biggest since at least the start of May.

Bond prices gyrated in the week ended July 17, though prices increased with the 30-year Treasury bond rising to \$872.19 from \$866.88 the previous week. Government bond funds lost \$193 million after outflows of \$106 million the previous week.

Corporate bond funds did better. Investors added \$88 million to junk-bond funds after withdrawals of \$38 million the week before. Funds that buy bonds with investment-grade ratings attracted \$15 million in the latest week, down from \$140 million a week earlier.

International debt funds suffered \$44 million of net redemptions in the week.

Bloomberg Business News

Q & A / Tom Gardner

These Motley and Foolish Things

Pick up a U.S. business publication these days and you are likely to read about *The Motley Fool*, the anti-establishment on-line investing forum run by the Gardner brothers, Tom, 28, and David, 30. With an increasing number of Americans running their own investment and retirement portfolios with the help of personal computers, U.S. investors are flocking to the forum on the America Online service, and its new version on the World Wide Web portion of the Internet.

One reason is the *Fool's* rather spectacular return: Its main model portfolio is up 37 percent this year and 155 percent since it started just under two years ago, even with the recent turmoil in the stock market.

With the new Web site and with America Online's push overseas, international investors are now coming into contact with the *Fool*, which was named after a sagacious jester in Shakespeare's *As You Like It*. Tom Gardner talked recently with Suzanne Lynch of the International Herald Tribune about the *Fool's* broadening presence.

Q. Now that you are on the Web, are you moving toward the international marketplace?

A. Actually, we're not moving out to the Web in search of, or in an attempt to court, a more international audience. One of the key reasons we're doing it is to establish that we have our own subscriber base, to take advantage of the open standard technology, and to be able to be in a position where we're the lowest-cost provider of investment information on-line. If we stick exclusively to America Online, which is a more expensive service, and if someone came in and provided essentially the same thing that we're doing or something comparable out on the Web, we might miss the growth and the open standard, and we don't want to do that.

At the same time, we do have an interest in beginning to explore some of the foreign markets, although our core business, at least for the next year is going to continue to be U.S. stocks. Of course, you get a lot of foreign exposure, particularly with the larger stocks.

Q. A big part of your strategy is the so-called Dow Dividend Theory, in which you invest in high-yielding stocks in the Dow Jones industrial average. Does this approach work with the Hang Seng index in Hong Kong or the French CAC-40?

A. It certainly does. People have built models around other large-cap growth stocks on the Standard & Poor's 500 index, and there has definitely been work done on the foreign markets as well, which indicates that there is a logic behind this model.

You basically are buying large-cap companies that are out of favor. Their dividend yields goes up and its a perfect time to beat income investors or retirees into these stocks.

Q. Will we see more of the Motley Fool outside of America?

A. We have some interest, and there has been some interest expressed in our working together with some European publishers to put together some sort of Motley Fool Web site — possibly more than that — for foreign markets. Because it's not our core competence, we don't presume to know as much about other markets as we do about the United States.

Markets are more institutional in Europe, so they are probably at least a couple steps behind in terms of a lot of individuals, say, in France, saying, "It's time for me to take control of my money and begin investing myself."

That said, I think it's coming, and I think the Internet is really what's going to push this entire industry into a giant consumer business where you can go out and invest in companies just like you can go out and buy other products down at the store. Just that obviously, you have an opportunity to compound growth on your savings rather than just get a product in return for it.

Q. America Online pays you to put the *Fool* on its service, but how do you make money on the Web?

A. Actually, we really don't make that much money on the Web. What we've done is we've got some small advertising in place. We do take orders for *Fool* merchandise and information e-mail services. But, for the most part, we got out on the Web to make sure we were reaching as broad an audience as we possibly could.

I think that you're going to see a shakeout on the Web now and there are going to be a couple of really core stations or channels out there. We're hoping to be one of them, and when that time comes and you have many more people coming through your area and it's much more interactive, our advertising revenues are going to increase rather significantly.

Q. Speaking of shakeouts, do you think the market has peaked?

A. Well, actually, our portfolio just got crunched on Monday. So some

while we're talking the talk, we don't do much discussion of individual stocks, primarily because what we want to give people is a context to invest for themselves — not to throw them the fish but teach them how to fish — and most average U.S. citizens don't believe that they could ever find a profitable company to invest in that they would make money on.

The truth is that people should be trained to follow their own consumer purchasing habits — recognize that they go down and buy Nike tennis shoes and so does everyone else. Nike has been an unbelievably great investment over the last five years. Same thing with Microsoft software, if you're into technology.

Q. Does on-line stock discussion have any measurable effect on the market and pricing of individual issues?

A. Any time you have communication, you affect the pricing in the marketplace. If a broker calls and recommends that you buy a small-cap growth stock, and you purchase it with \$3,000, you're going to, in some small way, affect the pricing of that stock, maybe by 1/16 of a point. But that means that any time there's communication — on television, radio, and now on-line — these conversations are affecting the marketplace.

And the conversations are so much more meaningful than what you can get on TV, where there is no response. There's no way to challenge, for example, some of the assertions that are being made, say, on financial television. On-line, it's a great debate, it's a mass conversation, and it's about to be a global conversation.

America Online is spreading out internationally, but, even so, I think the World Wide Web is going to become more interactive, so you're going to have a mass conversation about investments and that's going to mean that actually rather than affecting the market, it is going to be the market.

Q. What about stock in Omega Corp., which makes removable drives for computers? Your America Online discussions became an almost religious debate between people who loved the stock and those who thought it was overpriced because of their fervor.

A. I think Omega is actually the best example, and then, not surprisingly, the most misunderstood example of the power of the new technology.

Growth in communication technology usually tracks business development and higher levels of accountability every step of the way, and I think the Internet is now proving a similar force. Basically, what's happened with Omega is, you have a company that puts out a consumer technology product that Wall Street was just totally unaware of.

It's the sort of story that would have taken a much longer time to play out and the gains would have come to those investment firms that focus exclusively on technology. Instead of that happening, what you had was consumers who were using this product, combined with engineers, corporate bankers, financiers, other consumers that had invested in the product, and technologists that were very familiar with the storage technology industry, doing a heck of a lot of research that Wall Street analysts 40 floors up in Manhattan just simply couldn't have done on their own.

Omega has been the best-performing stock in the United States over the last 20 months now, and I think it's a perfect example of what's going to happen going forward with the mass conversation: You're going to have consumers being able to review companies, products, their services, their level of profitability and their management team all together in much more of a cooperative environment instead of a competitive environment. And obviously, one where information is flowing freely, rather than exclusively to a select group of people in Manhattan.

The Motley Fool Inc.

On-line investor Tom Gardner

might say that it peaked the previous day, or it peaked two weeks ago or six weeks ago. We really take such a long-term perspective that we are mocked by the conventionally wise, because we actually don't believe in the existence of bear markets. We think of it as a short-term construct where over any two- or three-year period, say, you can have a 30 percent decline.

In 1973 and 1974 in the United States, the stock market declined by 40 percent. However, if you had bought the day before that big decline started and you kept adding money over the next 22 years, there is not another investment vehicle that outperforms stocks.

In other words, even if you get in at the worst time, as long as you're saving money and adding to your investments over time, the starting point is going to be less and less significant as time goes on. Our real market, the people we're trying to serve, are those with families or young people who are trying to focus on growing their savings over 10, 15-, and 20-year periods.

We really focus, in the way that Warren Buffett does, on making investing a life-long venture where you get your money into stocks because they're the best-performing investment vehicle.

Q. What stocks do you like now?

A. We really don't throw out hot picks, stock tips, even on our on-line service. Our on-line portfolio is designed as a model portfolio, even though it's real money and we hold it to professional levels of accountability, accounting for all trading commissions, which most newsletters don't do.

Even though we like to walk the walk

Eastern Europe Emerging Market Funds

Total return in U.S. dollars. Performance through June 28, 1996.

Over one year	Over six months
Vontobel Eastern Europe Equity	83.69
Fleming FF Eastern European	79.71
Schroder Eastern Europe Fund	80.23
AAF Eastern Europe Equity Fund	58.50
Central European Growth Fund	55.75
Baring Emerging Europe	54.74
Central & Eastern Europe Fd	51.99
East-Activ	51.15
Creditanstalt Central Europe	48.12
Bear Multicoop Central Eur A	47.18
Mercury ST Eastern European	99.10
Vontobel Eastern Europe Equity	82.49
Fleming FF Eastern European	78.32
Baring Emerging Europe	69.19
AAF Eastern Europe Equity Fund	67.31
Schroder Eastern Europe Fund	66.13
HYPO Osteuropa	59.07
Bear Multicoop Central Eur D	57.79
Bear Multicoop Central Eur A	57.79
Central & Eastern European Fd	56.66

Source: Miroslav

Russia Looks Best as Long-Term Play

By Peter S. Green

DESPITE concerns over the state of President Boris Yeltsin's health, the consensus among analysts of Russian equities is that Mr. Yeltsin's free-market policies will prevail in the face of political opposition and the volatility of the country's capital markets.

Indeed, the common view is that now is an opportune time to invest in Russian stocks — provided one is willing to ride out some ups and downs and hang in for a few years.

While red tape and legal restrictions make it almost impossible for foreign individuals to buy Russian equities directly, a growing number of Russia country funds — as well as Eastern and Central Europe regional funds that contain significant exposure to the country — are accessible to small investors.

Vontobel Fund Management SA's Eastern European Equity fund returned nearly 84 percent in the 12 months ended June 28. Arpad Pongracz, an adviser to the Luxembourg-registered fund, said some of the Russian stocks he has bought have risen eightfold since March.

"I believe Russian equities are strongly undervalued," he said. "It's the emerging market par excellence."

He said Russia's post-election stock-market fall was "a short-term correction" and that the market's volatility

could be "filtered out" by making plays of around three to five years.

Among the Russian stocks that have performed well for Vontobel, Mr. Pongracz mentioned G.U.M., the mammoth Moscow department store, whose shares are up 88 percent over the past 12 months; Lukoil, the state-controlled petroleum company, whose stock has gained 129 percent; Surgutneftegaz, a Lukoil rival, up 358 percent; and Neomedic, a British-run biotechnology company that has developed a promising new AIDS drug, up a whopping 861 percent.

The Eastern European Equity fund requires a minimum investment of 5,000 Swiss francs (\$4,110), and shares can be bought directly from Vontobel or through some international brokers.

Other funds with significant Russian exposure that are open to small investors include the U.S.-based Templeton Russia Fund, up 51 percent in the last 3 months, and the Fleming Russia Securities fund.

The Fleming fund is a closed-end vehicle traded over the counter in London and listed in Dublin in U.S. dollars. Focused on energy and utility stocks, its net asset value gained 70 percent over the first six months of this year. Minimum investment is a relatively hefty \$50,000.

Wolfgang Lafite, an executive at Creditanstalt Investment Bank in Vienna, said that before putting money in Russia, investors should ask themselves one question:

"Will the values you see in Russian equity markets be transformed into earnings?"

Once Russia's political risks are reduced, he said, Russian companies will be able to concentrate on showing profits by 1998. "Then investors will be able to focus on profit and loss statements, not hidden values," he said.

Creditanstalt is preparing a \$100 million-plus fund for institutional investors to be launched this year. Its objective is to invest directly in industry, taking stakes in industrial and raw-material companies and holding them for four to six years while the fund's industrial experts work in Russia on restructuring the companies.

"The right thing is not to focus on the market but on long-term value creation," Mr. Lafite said.

Kent Osband, director of emerging markets strategy at CS First Boston in London, also was optimistic about Russian stocks. "The Russian economy itself has bottomed out and is robust," he said. But he added that in many Russian companies, minority investors, particularly foreigners, still have little to no influence on management — a state of affairs that can make investment in Russian equities a passive play at best.

"Before the elections, Russian shares were so cheap that they rose as a call on Yeltsin's victory," he said. "The problem is, are the shares a real claim to ownership?"

Like any good Russian circus, the Moscow bourse has

its bears as well as its bulls. Patrick Vauthey, director of Central and East European investments for the Geneva-based private bank and fund manager Pictet & Co., said now was not the time to buy Russian equities.

"In the long term Russia will always be a very attractive market," he said. "But in the short and medium term, it is overvalued. Not in terms of the companies themselves, but in terms of their value in a local economic context."

"Price-earnings ratios, cash flow to profit, book value to profit: You can't use these Western models when analyzing Russian companies," he continued. A company like Lukoil may have vast reserves in the ground, he said, but that "doesn't mean it can pump them out of the ground and it doesn't mean they can sell their oil at world prices."

Pictet's closed-end First Russian Frontiers Trust PLC is about 60 percent invested in Russian equities and gained 46.3 percent during the first half of 1996. It trades on the London Stock Exchange. But given his near-term outlook for Russia, Mr. Vauthey is more bullish on regional funds, including some run by Pictet, that are less exposed to the country.

A Guide for the Seasoned Surfer

THE WORTH GUIDE TO ELECTRONIC INVESTING:

Everything You Need to Know to Use Your Home Computer to Make More Money in the Stock Market

By Jim Jubak, 387 pages.

\$17.50. HarperBusiness.

Reviewed by Mitchell Martin

A LONG with the well-documented convergence of computers, televisions and telephones into a global multimedia extravaganza, there is a convergence of deregulation, investing and technology that is making working people into financiers.

Jim Jubak of *Worth* magazine, whose business niche arose precisely because investors are taking matters into their own hands, has produced a guidebook that will help people who are moder-

ately computer- and investing-literate use the tools that have sprung up in recent years.

Although it is growing globally, the personal-investing trend is most advanced and widely practiced in the United States, where limited government retirement provisions make it crucial that people save sufficient money to pass their later years out of poverty. Therefore, this book is most useful for people living and investing in America. But the global reach of the Internet is making it possible for anybody with a computer and access to an international phone line to enter the U.S. financial markets.

The book consists of nine chapters, each discussing an aspect of electronic investing, such as picking mutual funds and on-line services. A useful adjunct is a series of boxes with titles such as "Smart Strategies," "Basics" and the like.

Unfortunately, the elec-

tronic world is evolving more quickly than the traditional publishing industry, so parts of this book, published July 1, already are out of date: Jeffrey M. Vinik, for example, is no longer the manager of the Fidelity Magellan Fund.

Neophytes would be overwhelmed by all this information, but if you already use a computer and want to be an active investor, this book can help you.

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User Instructions

Shaq Puts the Dream Team in Dreamland

O'Neal Moves Far From Florida and From Most Other Olympians

Washington Post Service
ATLANTA — All across America they keep signing deals for amounts of money that could feed, clothe and house the populations of several Third World countries.

Thursday, the NBA's free agency mania reached Atlanta, where the Summer Olympics are set to honor such innocents as modern pentathletes, fencers and archers who know nothing of the words "prize money." But first, there was this little announcement from U.S. Olympic basketball center Shaquille O'Neal: \$121 million over seven years, to leave the Orlando Magic and play for the Los Angeles Lakers.

For giving this amount of money to a guy who hasn't won a championship and can't make free throws, Jerry West, the Lakers General Manager, was so excited, he nearly hyperventilated. All West did was rank the signing of Shaq "right up there with the birth of my children" and call the 2:15 A.M. signing, "the most relieved I've ever felt in my life."

Relief is the appropriate emotion after you trade your starting center (Vlade Divac), sixth man (guard Anthony Peeler) and backup power forward (George Lynch) for virtually nothing to clear money under the salary cap for someone you aren't assured of getting.

Boiling Orlando for Los Angeles was an option for Shaq the moment the season ended, but huge contracts negotiated by Juwan Howard and Alonzo Mourning enhanced the market and pushed West to his creative limits to outmaneuver Orlando, which had no league-imposed limit on what it could pay Shaq.

"The deal almost fell apart on numerous occasions," said Shaq's agent, Leonard Armato. "But Jerry West is the best GM in basketball and maybe the best in all of sports. He kept taking more and more risks. He almost gave up a few times. But being 'Mr. Clutch,' he knew he should 't.'"

West pursued Shaq like Pat Riley pursued Howard: relentlessly. Armato said, "I've never seen so much tenacity."

There are franchises that never seem able to close the deal, and franchises that always close the deal. A week ago West was prepared to pay Shaq \$95.5 million for seven years. By 2 A.M. Wednesday

he had found an additional \$25.5 million.

Somewhere, a kayaker was struggling through this final week of Olympic preparation on contributions from a community group back in his home town, along with proud handouts from family members and friends. The real lucky ones might get corporate sponsorship for a couple of years. Free shoes and apparel are the sweet dream of a lifetime for others here.

They are a mile or so away in the athlete's village, not under Reebok's tent, which for the next two weeks will serve as the company's temporary headquarters and covers the slickest, swankiest, most high-tech place this side of, well, Nike's slick, swanky, high-tech temporary headquarters a couple of blocks away.

Under the tent, Shaq looked at reporters from Orlando and talked to them about leaving behind Penny Hardaway, Horace Grant, Nick Anderson and his best friend, Dennis Scott. Why leave a team that has been to the NBA Eastern Conference finals the last two years and to the NBA Finals two seasons ago? For starters, Orlando isn't L.A.

"Change is for the good," Shaq said.

Vantage Point / MICHAEL WILSON

"I'm a military child, so I'm used to moving every three, four years. And the Lakers have a great big-man tradition: George Mikan, Wilt, Kareem. Hopefully, I'll get to showcase more of my talent than just dunks."

HE WON'T have Hardaway in L.A., won't have Grant at power forward, won't have a guard as tough as Anderson. But Shaq knew that when he turned down \$115 million the Magic — \$21 million the first season, with the option for free agency (again) after four years. Here is what he will have: Hollywood.

Nobody will be at more movie premieres, nobody will be in People magazine more frequently, nobody will be a bigger sports superstar. Nobody.

"He's going to be the biggest star in L.A.," Armato said. It's no exaggeration. Gretzky's gone, Magic and Kareem are gone, the Rams and Raiders are gone, O.J.'s gone. Nemo doesn't speak English. It's Shaq and Mike Piazza, and that's no competition.

"I remember being drafted by the Minnesota Lakers and thinking, 'I don't want to go somewhere cold,'" said West. "Then I was in Rome, Italy, playing in

the Olympics and I read that the Lakers had moved to L.A. I can't tell you how happy I was."

There's room in California to stretch, even if you're 7 feet 1, that doesn't exist in Orlando. Only six months ago, Shaq's prerequisite for an interview was that I do a mile or so with him on Manhattan Beach. People waved, said hello, even gushed a little, but they never engulfed him as always would be the case on the East Coast. People see stars all the time in L.A. For the superman, it's comfortable.

It's all the U.S. Olympic basketball players could talk about — even Armato Hardaway, who said it was "devastating, especially when you have Charles Barkley dogging you every five minutes." Nearby, Barkley played an imaginary violin.

Karl Malone talked about how nobody could sign for that much money in Utah. Scottie Pippen thought of his four championship rings and the paltry \$2.2 million he'll make next season. Armato said the \$121 million Shaq signed for was "a representative offer. We didn't squeeze every last dollar out of anyone."

And as the U.S. players left with their own security force and their millions, the Olympics raged around them, with shooters and discus throwers off in their own modest little world.



John Stockton, left, and Karl Malone taking questions from the press in Atlanta. Shaquille O'Neal was Topic A.

GAMES: Atlanta to Honor Great Athletes Who Are There and the Great Man Who Isn't

Continued from Page 1

was shot on a motel balcony in Memphis, the government began moving in to turn the neighborhood into a historical site, restoring the old houses.

The red-bricked Ebenezer Baptist Church nearby, where his grandfather and father preached before him, will soon break ground on a larger, domed church across the street.

Next door was a visitor center, a small museum dedicated to King.

Across the street from that was the family-run Martin Luther King Jr. Center for Nonviolent Social Change, where his body rested in a white marble crypt on a red-bricked island centered in a pool fed enormously by four tiers with

fountains at the top. The avenue was lined with Olympic banners, an invitation for the visiting world to come along and see. Two of the banners near the birthplace were dedicated to Martin Luther King Sr.

Following the banners back the other way toward the skyscrapers, you would have come across a long line of people wanting to buy the last of the tickets to the Opening Ceremony at a minimum of \$212 each.

In Atlanta more than one in four people live below the poverty line, many of them in neighborhoods abutting the gorgeous Olympic facilities. If King were alive, would his house be a museum today? Or would his neighborhood be one of the many in despair?

In many ways his martyrdom brought credibility to Atlanta.

Before the civil rights movement, the city was known internationally for "Gone With The Wind," the biggest-selling novel in the English language, a romantic look back to the unbalanced traditions of the Old South.

As far as the rest of the world is concerned, King is the bridge from the Old South to the New South. His movement, more than anything else, has made it possible for the Olympics to visit Atlanta.

As a martyr, too, he was freed of the investigations that have since come to haunt any American who seeks to accomplish anything important. Surely he committed sins, no doubt fewer than he

forgave of others, but they would have been turned and aimed against him nonetheless. He would have been prey to all of that and distracted, perhaps, much as the Vietnam War had distracted president Lyndon B. Johnson from the civil rights headway made in the early 1960s. In this climate, it had been difficult to find anyone to take his place.

How, on this great day, would King have reconciled the realities of Olympic wealth against the hope and promise of the Olympic ideal?

His memory is as pristine now as the old house where he was born. No one has been able to use the Olympics as he might have done, to aim the promise on the forgotten people outside the stadiums.

OLYMPIC TIMETABLE

SATURDAY, JULY 20

All times are EDT

BASEBALL, Atlanta-Fulton County Stadium — Netherlands vs. United States, 10 a.m. Australia vs. Cuba, 3 p.m. Netherlands vs. Japan, 8 p.m.

BASKETBALL, Men — Australia vs. South Korea at Moratorium, 10 a.m. Greece vs. Yugoslavia at Moratorium, 10 a.m. China vs. Angola at Moratorium, 3 p.m. Lithuania vs. Croatia at Moratorium, 5 p.m. Puerto Rico vs. Brazil at Georgia Dome, 8 p.m. U.S. vs. Argentina at Georgia Dome, 10 p.m.

SOCCER, Alexander Memorial Coliseum — First round, 1:30 p.m. and 5 p.m.

PERCULSION, Georgia World Congress Center — Men's Individual epee, first round and quarterfinals, 10 a.m. Men's Individual epee, semifinals and medal bouts, 3 p.m.

FIELD HOCKEY, Men — Clark Atlanta — Spain vs. India vs. Argentina, 8 p.m. — Women — Men's Brown-United States vs. Netherlands, 9 a.m. Australia vs. Spain, 11 a.m. Argentina vs. Germany, 5:30 p.m. South Korea vs. Brazil, 8 p.m.

GYMNASTICS, Georgia Dome — Men's Individual epee, 9:15 a.m. 12:30 p.m. and 4:30 p.m.

JUDO, Georgia World Congress Center — Men's and women's heavyweight freestyle and Greco-Roman, 9 a.m. Men's and women's heavyweight Greco-Roman, 3 p.m.

SHOOTING, Wolf Creek Shooting Complex — Women's 10-meter air rifle, 9 a.m. Men's 10-meter air rifle, 10 a.m. and 11 a.m.

SOCCER, Men — Portugal vs. Tunisia at Washington, 3 p.m. Spain vs. Saudi Arabia at Orlando, 5:30 p.m. France vs. Australia at Miami, 6:30 p.m. Argentina vs. United States at Birmingham, Ala., 7:30 p.m.

SWIMMING, Georgia Tech Aquatic Center — Women's 100 freestyle, prelims, 10:30 a.m. Men's 100 freestyle, prelims, 10:30 a.m. Women's 100 freestyle, prelims, 10:30 a.m. Men's 100 freestyle, prelims, 10:30 a.m. Women's 100 freestyle, prelims, 10:30 a.m. Men's 100 freestyle, prelims, 10:30 a.m.

VOLLEYBALL, Women — Netherlands vs. China at Omni Coliseum, 10 a.m. Russia vs. Germany at Omni Coliseum, 12:30 p.m. Canada vs. Cuba at U.S. of Georgia, 4 p.m. Japan vs. South Korea at U.S. of Georgia, 4 p.m. United States vs. Ukraine at Omni Coliseum, 7:30 p.m. Brazil vs. Peru at Omni Coliseum, 10 p.m.

WRESTLING, Georgia Tech Aquatic Center — Netherlands vs. Yugoslavia, 11 a.m. Hungary vs. Russia, 12:40 p.m. Greece vs. Georgia, 2 p.m. Spain vs. Germany, 4:40 p.m. Ukraine vs. Romania, 6:20 p.m. Italy vs. United States, 10 p.m.

WRESTLING, Georgia World Congress Center — 54kg. group B, 12:30 p.m. 54kg. group A, 12:30 p.m.

WRESTLING, Georgia World Congress Center — 54kg. group B, 12:30 p.m. 54kg. group A, 12:30 p.m.

SUNDAY, JULY 21

BASEBALL, Atlanta-Fulton County Stadium — Italy vs. South Korea, 3 p.m. Cuba vs. Japan, 8 p.m.

BASKETBALL, Women — Brazil vs. Canada at Moratorium, 10 a.m. Zaire vs. Ukraine at Moratorium, 10 a.m. United States vs. Cuba at Moratorium, 3 p.m. Japan vs. Russia at Moratorium, 5 p.m. South Korea vs. Australia at Georgia Dome, 8 p.m. Italy vs. China at Georgia Dome, 10 p.m.

SOCCER, Alexander Memorial Coliseum — First round, 1:30 p.m. and 5 p.m.

PERCULSION, Georgia World Congress Center — Men's Individual epee, first round and quarterfinals, 10 a.m. Men's Individual epee, semifinals and medal bouts, 3 p.m.

FIELD HOCKEY, Men — Clark Atlanta — Spain vs. India vs. Argentina, 8 p.m. — Women — Men's Brown-United States vs. Netherlands, 9 a.m. Australia vs. Spain, 11 a.m. Argentina vs. Germany, 5:30 p.m. South Korea vs. Brazil, 8 p.m.

GYMNASTICS, Georgia Dome — Men's Individual epee, 9:15 a.m. 12:30 p.m. and 4:30 p.m.

JUDO, Georgia World Congress Center — Men's and women's heavyweight freestyle and Greco-Roman, 9 a.m. Men's and women's heavyweight Greco-Roman, 3 p.m.

SHOOTING, Wolf Creek Shooting Complex — Women's 10-meter air rifle, 9 a.m. Men's 10-meter air rifle, 10 a.m. and 11 a.m.

SOCCER, Men — Italy vs. Mexico at Birmingham, Ala., 5 p.m. Ghana vs. South Korea at Washington, 5:30 p.m. Brazil vs. Japan at Atlanta, 6:30 p.m. Hungary vs. Nigeria at Atlanta, 8 p.m.

Women — Germany vs. Japan at Birmingham, Ala., 5:30 p.m. Norway vs. Brazil at Washington, 3 p.m. Sweden vs. China at Atlanta, 5:30 p.m. Denmark at United States of Georgia, 10 p.m.

SOFTBALL, Golden Park — United States vs. Puerto Rico, 1:30 p.m. Canada vs. Taiwan, 1:30 p.m. Australia vs. China, 4:30 p.m. Japan vs. Netherlands, 9 p.m.

SWIMMING, Georgia Tech Aquatic Center — Women's 200 freestyle, prelims, 10:30 a.m. Men's 200 freestyle, prelims, 10:30 a.m. Women's 200 freestyle, prelims, 10:30 a.m. Men's 200 freestyle, prelims, 10:30 a.m. Women's 200 freestyle, prelims, 10:30 a.m. Men's 200 freestyle, prelims, 10:30 a.m.

VOLLEYBALL, Men — Tunisia vs. Netherlands at Omni Coliseum, 10 a.m. South Korea vs. Italy at Omni Coliseum, 12:30 p.m. Yugoslavia vs. Russia at U.S. of Georgia, 4 p.m. Bulgaria vs. Cuba at U.S. of Georgia, 4 p.m. Poland vs. United States at Omni Coliseum, 7:30 p.m. Brazil vs. Argentina at Omni Coliseum, 10 p.m.

WRESTLING, Georgia Tech Aquatic Center — Yugoslavia vs. Russia, 11 a.m. Germany vs. Hungary, 12:40 p.m. Romania vs. Croatia, 3 p.m. Netherlands vs. Spain, 4:40 p.m. Italy vs. Ukraine, 6:20 p.m. United States vs. Canada, 10 p.m.

WRESTLING, Georgia World Congress Center — 54kg. group B, 12:30 p.m. 54kg. group A, 12:30 p.m.

WRESTLING, Georgia World Congress Center — 54kg. group B, 12:30 p.m. 54kg. group A, 12:30 p.m.

OLYMPIC TELEVISION BROADCASTERS

According to the Atlanta Olympic News Agency, the following countries and broadcasters shall be televising the 1996 Summer Games, either live or on a pre-recorded schedule. Please consult local listings for dates and times of the transmissions in your area.

Australia: Australian Broadcasting Corporation, Seven Network, Nine Network, ABC, SBS, ABC2, ABC3, ABC4, ABC5, ABC6, ABC7, ABC8, ABC9, ABC10, ABC11, ABC12, ABC13, ABC14, ABC15, ABC16, ABC17, ABC18, ABC19, ABC20, ABC21, ABC22, ABC23, ABC24, ABC25, ABC26, ABC27, ABC28, ABC29, ABC30, ABC31, ABC32, ABC33, ABC34, ABC35, ABC36, ABC37, ABC38, ABC39, ABC40, ABC41, ABC42, ABC43, ABC44, ABC45, ABC46, ABC47, ABC48, ABC49, ABC50, ABC51, ABC52, ABC53, ABC54, ABC55, ABC56, ABC57, ABC58, ABC59, ABC60, ABC61, ABC62, ABC63, ABC64, ABC65, ABC66, ABC67, ABC68, ABC69, ABC70, ABC71, ABC72, ABC73, ABC74, ABC75, ABC76, ABC77, ABC78, ABC79, ABC80, ABC81, ABC82, ABC83, ABC84, ABC85, ABC86, ABC87, ABC88, ABC89, ABC90, ABC91, ABC92, ABC93, ABC94, ABC95, ABC96, ABC97, ABC98, ABC99, ABC100, ABC101, ABC102, ABC103, ABC104, ABC105, ABC106, ABC107, ABC108, ABC109, ABC110, ABC111, ABC112, ABC113, ABC114, ABC115, ABC116, ABC117, ABC118, ABC119, ABC120, ABC121, ABC122, ABC123, ABC124, ABC125, ABC126, ABC127, ABC128, 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ATLANTA



OLYMPICS

The Sport-by-Sport Guide to the Olympic Games

From Archery to Yachting, The Events and Their Stars

By Ian Thomsen
International Herald Tribune

ARCHERY

Gold Medalist: Four.

What You Will See: From the quarterfinals, two archers compete side by side, 12 arrows each, alternating shots every 40 seconds at targets 70 meters away.

A 1996 Favorite: Korea, in both men and women competitions.

Key questions: Will Sebastian Flute of France become the first archer to win successive individual gold medals?

BADMINTON

Gold Medalist: Five.

What You Will See: A shuttlecock weighing less than two ounces in all, spraying back and forth at almost 200 miles an hour (320 kilometers an hour).

A Favorite: Thomas Lund and Marlene Thomsen of Denmark, in the mixed doubles, might become the first Olympic champion from outside of Asia.

Key questions: Will Susi Susanti and Allan Budi Kusuma of Indonesia, who are engaged to be married, successfully defend their 1992 singles titles?

BASKETBALL

Gold Medalist: One.

What You Will See: The best American players are in the middle of the major league season, leaving the United States to depend on collegians. Cuba should dominate provided they don't all follow the recent defection of pitcher Rolando Arrojo to the U.S. major leagues.

A Favorite: Omar Lincare, the 28-year-old third baseman and best of all Cuban players, could jump into the starting lineup of several major league clubs. For years he has vowed that he won't.

Key questions: Without a Dream Team of American major leaguers, will basketball die as an Olympic sport?

BASEBALL

Gold Medalist: Two.

What You Will See: More ruthless American domination from the men; sincerity and unselfishness from the American women, who have been training together for 14 months to regain the gold medal lost in 1992.

A Favorite: The former Yugoslavia might have given the U.S. men a run. Now Croatia and Yugoslavia will compete for the silver medal.

Key questions: Do we have to keep calling it a Dream Team?

BOXING

Gold Medalist: 12.

What You Will See: The fights go as long as three rounds of three minutes each. The fighters, aged 17 to 34, are swept in and out of the ring like vaudeville acts. Five ringside judges push a button for every blow landed cleanly.

A Favorite: The former Yugoslavia might have given the U.S. men a run. Now Croatia and Yugoslavia will compete for the silver medal.

Key questions: Do we have to keep calling it a Dream Team?

CANOE/KAYAK

Gold Medalist: 16.

What You Will See: The flatwater sprints are raced along nine straight lanes. The whitewater slalom canoeists paddle down a steeped course, with penalties for touching or missing a gate.

A Favorite: Hungary and Germany should dominate flatwater sprints.

Key questions: What is the difference between rowing and canoeing? Rowers sit with their backs to the finish line, while canoeists sit or kneel facing forward. The rower's oar is fixed to his boat; the canoeist's paddle is not.

CYCLING

Gold Medalist: 12.

What You Will See: Cycling becomes fully open to professionals for the first time. For the road races, each country is permitted four riders for each event, 240 kilometers for the men and 110 kilometers for the women. The track cyclists race around the high-banked oval.

A Favorite: Mountain biking makes its debut.

Key questions: Has the Tour de France tipped out Miguel Indurain?

DIVING

Gold Medalist: Four.

What You Will See: Competition is divided into 3-meter springboard and 10-meter platform. The 12 finalists will each attempt 10 dives.

A Favorite: Fu Mingxia, who was 13 when she fearlessly won the platform gold medal in 1992, will contend for both medals again this year. By the time Sydney 2000 comes along she will be able to celebrate with a drink.

Key questions: Will the home crowd restore America's former dominance?

Key questions: Will the Japanese ever regain dominance in their sport?

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Key questions: Will the home crowd restore America's former dominance?

EQUESTRIAN

Gold Medalist: Six.

What You Will See: This is the only Olympic sport that doesn't divide men and women. There are three separate competitions. Show jumpers race over a course of 15 to 20 obstacles. The dressage competition is a test of exacting movements. Three-Day Eventing begins with dressage and concludes with show jumping. In between is the grueling speed and endurance test. Horses must be at least 7 years old, with owners of the same nationality as the rider.

A 1996 Favorite: Mark Todd, a New Zealand farmer, sold most of his dairy herd to finance his way to the three-day event gold medal in 1984. He repeated in 1988 and can become the event's first three-time individual gold medalist.

Key questions: How will the horses manage in Atlanta, which is likely to be the hottest and most humid Olympic city ever?

FENCING

Gold Medalist: 10.

What You Will See: The foil is a flexible blade designed for training. Touches must be made with its blunt point to the torso, front or back. The heavier épée is also a thrusting weapon, with touches scored to any part of the body. In sabre, points are scored for cuts, slices or thrusts to the upper body; the logical methods for a mounted warrior.

A 1996 Favorite: The left-handed Eric Srecki of France is the reigning Olympic and world épée champion.

Key questions: Fencing is one of six sports to have been in every Olympics, but will it survive into the next century?

GYMNASICS

Gold Medalist: 16 in gymnastics and 2 in rhythmic gymnastics.

What You Will See: The circus of events goes on simultaneously, to the background of music for the floor exercises. Many in the sellout crowds in the cavernous Georgia Dome will need binoculars to tell one tiny Romanian from another. The differences in performance are so minute that it is one of those rare sports better left to television.

A 1996 Favorite: Svetlana Boginskaya, the 23-year-old former gold medalist of Belarus, admits she has little hope of winning at her age. "I just want to have fun for once in my life in gymnastics," she says. This sport has it all backwards: She should be serious. The tiny-tot teenagers should be having fun.

Key questions: Will the judges be influenced by the mammoth pro-American crowds? It wouldn't be the first time.

HANDBALL

Gold Medalist: Two.

What You Will See: Indoor soccer played with the hands by six field players, who try to throw the ball past the goalie.

A 1996 Favorite: Jackson Richardson of France is the sport's most famous player. His creativity permits the French to team him with five defenders.

Key questions: How quickly could the rules be taught to Michael Jordan? He might be even more dominant in handball, combining his basketball skills with a baseball player's arm.

HOCKEY

Gold Medalist: Two.

What You Will See: The 11 players on each team must play right-handed and on artificial turf. Stick-handling is an art, and shinguards are crucial. The hard plastic ball flies up to 100 miles an hour at goals half as wide as those in soccer and almost as tall.

A 1996 Favorite: Americans have managed just a bronze medal in women's hockey, but the sport is flourishing at their universities.

Key questions: Will Pakistan, winners of the 1994 World Cup, regain the gold medal?

JUDO

Gold Medalist: 14.

What You Will See: The two players bow ceremonially in their baggy white judogi, tied with a sash. The match ends when *ippon* is achieved by one of three ways — throwing the opponent, holding him down for 30 seconds or by submission. An accumulation of lesser moves can also produce a winner. Otherwise a decision on points.

A 1996 Favorite: At 1.44 meters (4 foot 8½) and 45 kilograms (99 pounds), the smallest player in judo's lightest division, Ryoko Tamura, is Japan's best hope for a gold medal.



Members of the Dutch pursuit cycling team training at the velodrome.



DeAnne Hemmens of the United States holding the Olympic torch as it crosses Lake Lanier on its way to Atlanta.

Key questions: Will the Japanese ever regain dominance in their sport?

MODERN PENTATHLON

Gold Medalist: One.

What You Will See: A soldier is ordered to deliver a message. He sets out on an unfamiliar horse, dismounts to fight the enemy with swords, shoots his way out with a pistol, swims across a river and runs 4,000 meters. In one grueling day, at four venues, the Olympians recreate this military exercise.

A 1996 Favorite: At 22, Dmitri Svatkovski of Russia, the 1994 and 1995 world champion, revels in the new one-day format.

Key questions: Will Svatkovski draw a reliable horse?

Key questions: Will the Japanese ever regain dominance in their sport?

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A 1996 Favorite: Mireya Luis is 29 years old, just 1.75 meters (5 feet 9 inches) tall, with a nine-year-old son and a once-broken kneecap. She is her sport's Air Jordan, and the reason Cuba is favored to defend its gold medal indoors.

Key questions: Will Italy, host to the world's finest league, win its first gold medal in men's volleyball?

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Update on the Conventions

Compounding this problem is the fact that Bob is apparently unable, despite

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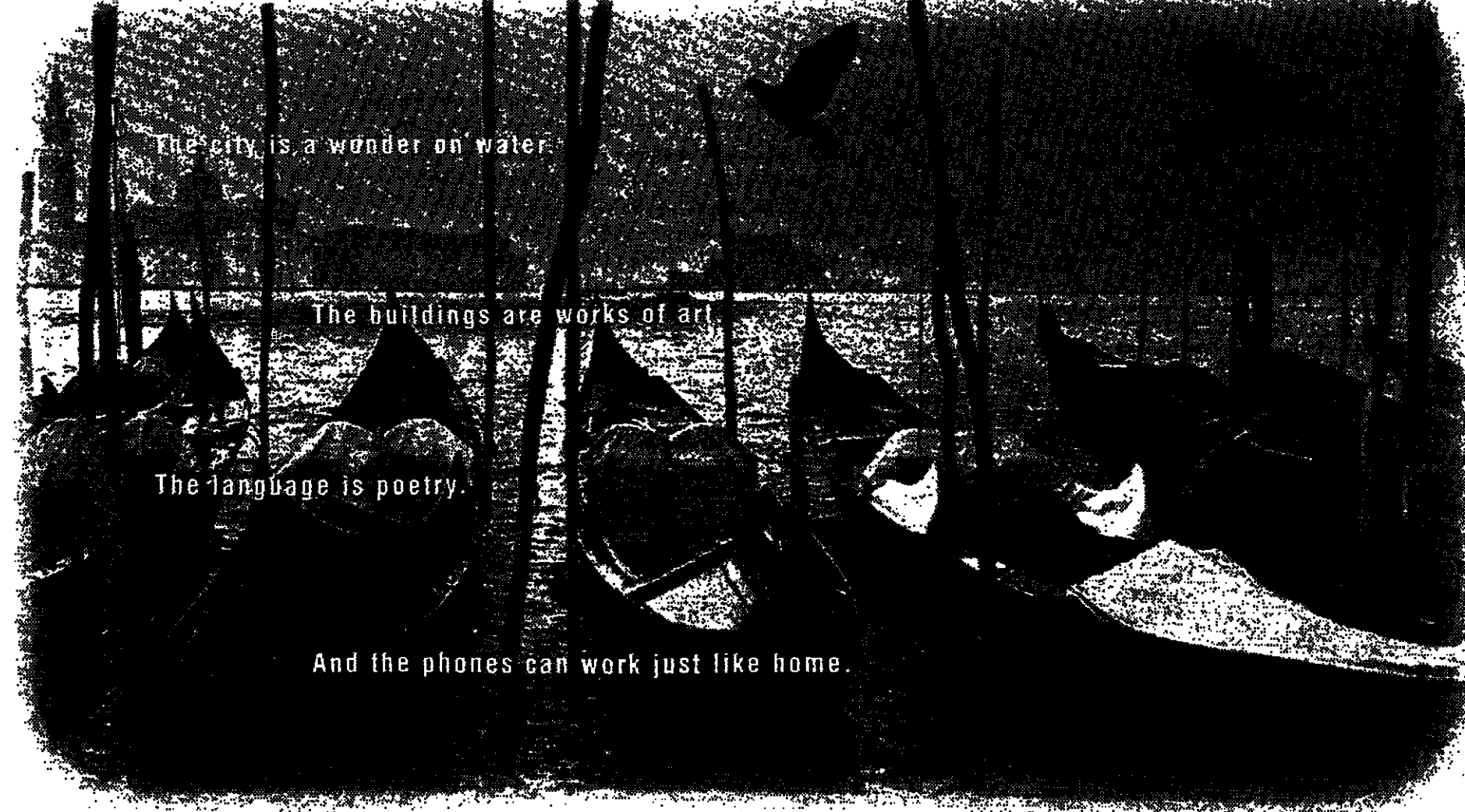
Picasso and 1946: The Year of Joie de Vivre

In celebration of its 50th anniversary, the museum's curator, Maurice Fréchure has devised a summer-long



A pivotal year by definition means what one wishes, possibly to the point of meaning nothing at all. Artaud, who had been released from an insane asylum in 1946, said shortly before his death two years later: "We are not yet born, we are not yet in the world, there isn't yet a world, things have not yet been made, the reason for being has not yet been found."

HATS OFF TO ME—The French singer Charles Trenet performing in a tribute to himself at the Montreux Jazz Festival in Switzerland.



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France •	19-0010	Spain •	900-99-00-11	AFRICA	
Germany •	8136-0010	Sweden •	628-795-611	Ghana •	8191
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